

WORLD NEWS

**Garrington dismisses Nato protest**

Nato's Secretary General, Lord Carrington, yesterday dismissed complaints by the organisation's military commanders that the US had failed to consult them properly on arms control before or after the Reykjavik summit.

He conceded, however, that there was some substance in fears about making cuts in isolated categories of nuclear weapons. *Back Page; Soviet split denied, Page 2*

**Barry defends accord**

Irish Foreign Minister Peter Barry defended the Anglo-Irish Agreement and said opposition leader Charles Haughey, who had attacked the accord, was afraid of the IRA. *Back Page*

**Missing airman demand**

Israel demanded the return of an airman shot down in Lebanon on Thursday. He is believed to be in the hands of the Shia Amal militia. *Page 3*

**Soviet airliner deaths**

A Soviet newspaper said two crewmen and several of the 76 passengers were killed when a Tupolev airliner crashed-landed north-east of Moscow.

**Compensation deal**

Stanley Adams, who disclosed illegal price-fixing by Swiss drugs company Hoffman-La Roche, said he had reluctantly accepted an increased offer of £200,000 compensation from the EEC for breach of confidence.

**Supergass 15 freed**

Eight women and seven men, held on charges ranging from conspiracy to murder to IRA membership on the word of London's supergrass Angela Whoriskey, were freed when charges were withdrawn.

**Jail hostage rescued**

A prisoner held hostage by another inmate at Greenham psychiatric hospital, was freed by police who stormed the cell with CS gas and found him hanging by his feet from a light fitting.

**Stalker costs plea fails**

Manchester's police authority refused deputy chief constable John Stalker's request for £10 to pay the £21,000 legal costs of his fight against misconduct allegations.

**Powell speech stopped**

Enoch Powell MP was forced to abandon a speech to Bristol University's Conservative Association when protesters stormed the stage.

**Kinnock shuns TV**

Labour leader Neil Kinnock withdrew from LWT's Weekend World television programme planned for Sunday, because he did not want the whole interview devoted to defence.

**Polas seek refuge**

Ten Polish tourists, aged between 18 and 23, visiting Venice, asked for political asylum.

**Township fight pledged**

South African civil rights leaders are to fight a government decision to relocate the 10,000 inhabitants of Oukasic township near Pretoria.

**Typhoon 'weakening'**

Weather forecasters said typhoon Ellen was likely to blow itself out before reaching Canton, where royal yacht Britannia is due to meet the Queen today after her China tour.

**Alias Smith...or others**

Middlesex businessman Sydney Pherowsky, appearing in London Bankruptcy Court, said he had 17 or 18 children. He had 3,000 aliases, including John Smith.

BUSINESS SUMMARY

**Saudis and Kuwait block Opec deal**

SAUDI ARABIA and Kuwait yesterday blocked an agreement sought by most Opec members to extend a production sharing pact until the end of the year.

The two countries say they will not accept a continuation of the present interim agreement unless new quota distribution is decided and they are given a bigger share. *Back Page*

**TURNER & Newall and AE**

suspended their shares pending publication of a statement by the Takeover Panel. The announcement fuelled speculation that AE and its financial advisers have been found guilty of breaching panel rules. *Page 10*

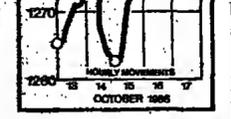
**STOCK Exchange chairman Sir**

Nicholas Godson warned that UK capital markets would suffer if the proposed merger of the Exchange with Iro was not approved. *Back Page*

**EQUITIES suffered under the**

shadow of gilt which fell in response to the Chancellor's Mansion House speech. *Re-*

**FT INDEX**



**STOCK EXCHANGE has posted**

its best performance since the introduction of the third market, a factor due to deal in shares of young, unquoted companies. *Page 4*

**LARGEST ONSHORE oil field**

in western Europe, at Wytch Farm, Dorset, received the go-ahead for development from Dorset County Council. *Page 4*

**SOLICITORS are split over**

how they should react to what one of their leaders called the legal profession's Big Bang. *Page 4*

**BRITAIN will urge Japan**

to liberalise its short-term money markets when the two sides meet in Tokyo on October 27. *Page 3*

**BRAZIL's trade surplus has**

fallen sharply as food shortages and corporate demand have led to increased imports. *Page 2*

**FORD MOTOR Company president**

Donald Petersen returned to Detroit hoping he had "soiled" the Italian Government's company's proposals for taking over Alfa Romeo. *Page 11*

**CATERPILLAR, of the US, the**

world's largest maker of earthmoving equipment, suffered a third quarter loss of \$20m (£18.18m) compared with a \$131m profit. *Page 11*

**J. BIBBY & SONS, industrial**

and agricultural group, sold its 85 per cent share in Fumanting International, service and maintenance company, to a management buyout team for £12.2m. *Page 10*

**DAVIES & NEWMAN cut its**

first half loss from £5.58m to £3.48m. Dan-Air's improved performance is expected to make a satisfactory contribution to the parent group's full year results. *Page 10*

**SOVIET UNION and China**

have signed a pact to start long-term co-operation in science and technology. Chinese officials in Moscow said.

**Barcelona wins 'gold' in contest for Olympic Games**

BARCELONA, THE hot favourite, yesterday won the contest to host the 1992 Summer Olympic Games, beating off a challenge by Paris and bids by Amsterdam, Brighton, Belgrade and Birmingham. It will be the first time the Games have been held in Spain, write William Dulfore in Geneva and Arthur Smith in Birmingham.

The Catalan capital won the "gold" outright in the third round of voting by the International Olympic Committee (IOC) with Amsterdam knocked out in the first round and Birmingham in the second.

The charm of Mr Felipe Gonzalez, the Spanish Prime Minister, boosted Barcelona's claims against a determined effort by Mr Jacques Chirac, his French counterpart and Mayor of Paris, to swing the committee meeting in Lausanne in his city's favour.

However, France received a consolation prize: the committee picked Albertville, the Savoie skiing resort, as location for the 1991 Winter Olympics. The gesture recognised the generosity of the appeal by Baron Pierre de Coubertin in 1892 which launched the modern Olympic movement.

Ahead of the committee's decision Barcelona city centre was brought to near standstill by a huge traffic jam as crowds gathered to hear the announcement of the vote. In a prepared statement Mr Gonzalez said the decision was

"a great, historic opportunity... a leap forward for Spain's projection in the world."

Birmingham, which spent £2.3m mounting its bid to host the games, reacted with disappointment last night. None the less Mr Dick Knowles, Labour leader of Birmingham city council, said: "We don't regret it. It was worth every penny." He said Birmingham had the best facilities in Britain to stage the games and should be a front-runner in the future.

Continued on Back Page Background, Page 2

**WEEKEND FT**



**ARCTIC POLITICS**

How Russians and Norwegians live uneasily together on deep-frozen Spitsbergen. *Page 1*

**FINANCE**

The commission charges small investors will have to pay after the Big Bang. *Page 5*



**TRANSATLANTIC MAIL ORDER**

Armed with a credit card and telephone you can shop in Manhattan. *Page XVII*

**COLD COMFORT**

A pre-season look of ski resorts and equipment. *Page XII*

**INDEPENDENT SCHOOLS**

A special Saturday survey. *Pages XIII and XIV*

**Markets disappointed by Lawson speech**

BY JANET BUSH

STERLING had another rough ride yesterday as investors made clear their disappointment with the Chancellor of the Exchequer's annual speech at the Mansion House.

The pound hit record lows in an immediate thumbs-down to Mr Lawson's performance on Thursday, but then recovered some of its poise before banks closed for the weekend.

On London money markets, interest rates rose, suggesting that the City was still not convinced that the Government could escape having to impose another rise in borrowing costs after the one percentage point increase on Tuesday.

Pressure started building in the money market yesterday and the key rate for three-month funds closed at about 11 1/2 per cent, well above 11 per cent base rates.

A big disappointment was Mr Lawson's failure to mention the possibility of sterling's joining the European Monetary System, but there was also concern about his apparently easy dis-

**Higher petrol and clothing prices cause jump in inflation rate**

BY PHILIP STEPHENS, ECONOMICS CORRESPONDENT

BRITAIN'S retail inflation rate jumped to an annual 3 per cent last month from 2.4 per cent in August, the largest increase since March 1985, and this week's rise in interest rates is expected to bring a further acceleration in coming months.

The Employment Department said its index of retail prices rose by 0.5 per cent between August and September, largely because of a sharp rise in petrol prices and an increase in the cost of clothing, footwear and beer.

In September 1985 prices fell slightly because of a reduction in mortgage interest rates, so the rise in the index last month resulted in a sharp acceleration of the year-on-year rate.

The 2.4 per cent rate seen in August is now generally expected to prove to be a low point of inflation and most independent economists expect a steady upturn throughout the rest of this year and 1987.

Earlier this week figures from the Trade and Industry Department showed a strong upsurge in prices paid by manufacturers for fuel and raw materials, suggesting that most of the benefit of falling oil and commodity prices has now been felt. Average earnings in Britain are rising at an annual 7 1/2 per cent, adding to cost pressures in the economy.

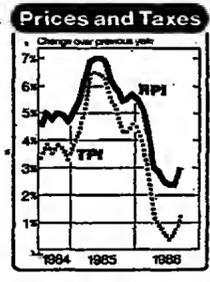
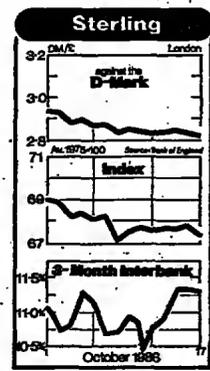
In his speech at Mansion House in the City on Thursday, Mr Nigel Lawson, Chancellor of the Exchequer, said he expected the underlying inflation rate, excluding the impact of higher mortgage costs, to remain at a little more than 3 per cent over the next few months.

That rate, however, is still higher than those of virtually all Britain's leading competitors.

The expected rise in mortgage rates after this week's one point increase in bank base rates will have an immediate impact on the retail price index. Each one percentage point on the cost of mortgages adds 0.5 per cent to the index.

There is also a belief in financial markets that in the run-up to the general election, due by June 1988 at the latest, the Government will accept at least some small rise in the inflation rate.

Continued on Back Page



**Hillsdown in £154m private placing**

BY NIKKI TAIT

ATTEMPTS by the Bank of England to smooth the path for the £60m sale of British Gas shares next month yesterday allowed Hillsdown Holdings, the fast-growing food to furniture group, to announce a £154m share placing combined with a £15m share buyback for existing shareholders giving them a first refusal on the shares. This is the first time this sort of fundraising deal has been done in London.

Although several companies have recently used venture placements when making acquisitions, the Stock Exchange—following the pre-emptive rights principle which insists that all shareholders are treated equally—imposed a £5m limit on private placements until the Big Bang de-regulation of the City on October 27.

Hillsdown had, some weeks ago, been given a later date for its planned issue, but Bank officials are understood to have been worried by the number of issues accumulating around the British Gas flotation date.

"The decision to permit Hillsdown to place the shares now was made at the behest of the Bank of England to assist the Bank in its management of the new issue queue in preparation for the sale of shares in British Gas," the Stock Exchange said.

Under the terms of the deal, which replaces a traditional rights issue, Hillsdown is issuing 75.1m new shares, which have been placed conditionally with institutions at 200p each by stockbrokers Rowe and Pitman and Hoare Govett.

However, the combined "open offer" allows existing shareholders first refusal on these shares. They can acquire them on a two-for-seven basis although Hillsdown directors, who own 43 per cent of the equity, will not do so. The institutions are being paid an underwriting fee of 1 per cent on the 55m shares which they are guaranteed to receive and the normal 1 1/2 per cent fee on the rest.

"We did it this way for several reasons. It's cheaper and, because the directors own such a large part of the company, it seemed fairest to our current shareholders," Mr Harry Solomon, joint chairman of Hillsdown, said.

Hillsdown is thought to have saved about £3m in underwriting costs. If it had used a traditional rights issue and directors had renounced their entitlement, those shares could have overhung the market, depressing the price.

Hillsdown, which came to the stock market in February 1985, is one of Britain's fastest-growing food companies, with interests ranging from Buxted chickens to Lockwoods canned fruit.

It also has a furniture division and earlier this week announced a move into fish processing, taking its total acquisitions this year to 27.

Proceeds from the placing will clear the company debts. Hillsdown yesterday forecast profits of at least £50m for 1986 against £33.4m last time. The company's shares shed 9p to close at 211p and after hours fell to 205p.

Background, Page 10; Lex, Back Page

**MARKETS**

**DOLLAR**

New York  
DM 1.974 (1.977)  
FFr 6.4665 (6.476)  
SF 1.615 (1.6215)  
Y154.325 (154.275)

London  
DM 1.9745 (same)  
FFr 6.4675 (same)  
SF 1.6205 (1.615)  
Y154.2 (154.25)

Dollar index 103.9 (103.8)  
Tokyo close Y154.15

**US CLOSING RATES**

3-month Treasury Bills:  
yield: 8.26 (8.21%)  
Long Bond: 8 1/2 (8.35)  
yield: 7.99 (7.8%)

**GOLD**

New York: Comex Dec  
\$422.2 (421.4)  
London: \$420.25 (421.75)

**STERLING**

New York \$1.429 (1.436)  
London: \$1.4315 (1.437)  
DM 2.8275 (2.8375)  
FFr 9.2575 (9.295)  
SF 2.32 (2.325)  
Y220.75 (221.75)  
Sterling index 67.3 (67.7)

**LONDON MONEY**

3-month interbank:  
closing rate 11 1/2% (11 1/2)

**NORTH SEA OIL**

Brent 15-day Nov (Argus)  
\$18.75 (18.66)

**STOCK INDICES**

FT Ord 1,281.5 (+3.9)  
FT-A All Share 797.23 (+0.3%)  
FT-SE 100 1,819 (+5)  
FT-A long gilt yield index:  
High coupon 10.85 (10.45)

New York  
DJ Ind Av 1,837.04 (+0.85)  
Tokyo:  
Nikkei 16,701.24 (-170.55)

*Other price changes: yesterday, Back Page*

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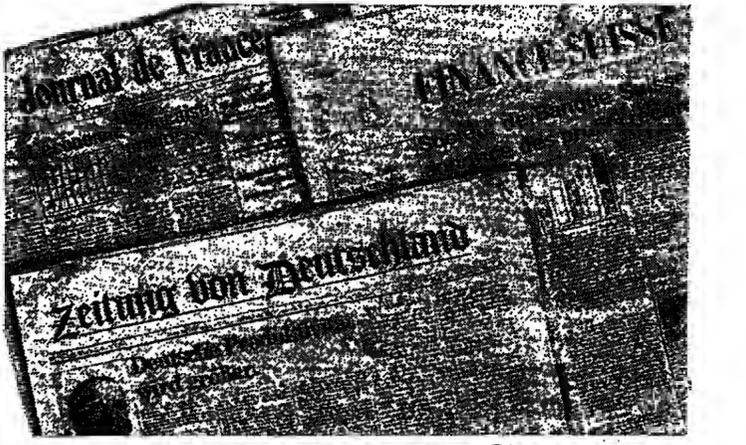
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**SAVE & PROSPER**

THE INVESTMENT HOUSE

Swedish public sector strike called off

By Kevin Done and Sara Webb in Stockholm

SWEDEN'S two-and-a-half week long public sector strike, the third industrial conflict in the public sector in the last 18 months, was temporarily called off last night when the state and local authority employers agreed to enter direct negotiations with the trades unions.

Karpov denies Soviet split

By Patrick Cockburn in Moscow

MR VIKTOR KARPOV, the Soviet chief negotiator on disarmament at the Geneva talks with the US, denied yesterday that there was any disagreement between him and Mr Mikhail Gorbachev, the Soviet leader, on whether or not a ban on medium-range nuclear weapons in Europe could be agreed without the US abandoning Star Wars.

House passes budget bill

THE US House of Representatives yesterday gave final approval to a \$87.6bn (\$400bn) compromise budget bill for the fiscal year 1987 and sent it to President Reagan for his signature into law, Reuter reports from Washington.



Yenny now writes about her plans for the future two years ago she didn't have one

Just two years ago Yenny was living in one of the poorest areas of the world. She was severely undernourished and had never seen a school, let alone a book.

Fortunally for Yenny, Mrs Deacon of Hull decided to do something about it, and through PLAN International she sponsored her. The money she sent helped Yenny's family buy some basic tools to set up a carpentry business.

The family also became involved with PLAN in an irrigation scheme. The ready supply of water meant crops could be grown, and a healthier diet is now enjoyed by all.

W. Germany to join in Hermes design

By David Marsh in Bonn

WEST GERMANY is to spend DM 32m (£11.3m) on participating in the preparatory stages of the French-led Hermes project to build a space-going aeroplane, a key part of Europe's overall space strategy for the next decade.

Hasenfus trial may be Nicaragua's first mistake

By Peter Ford in Managua

NICARAGUA'S decision to try Mr Eugene Hasenfus, the US airman captured last month, before a controversial popular tribunal may mark its first false step in a successful campaign to milk maximum favourability publicity from the affair.

Neue Heimat chief gains time to pay debts

By Andrew Fisher in Frankfurt

MR HORST SCHIESSER, the Berlin banker who recently bought West Germany's debt-laden Neue Heimat housing concern for a nominal DM 1 (35p), last night won breathing space from banks which have loans outstanding to the group.

Spain's great leap into the Olympic arena

By David White in Barcelona

A GREAT historic opportunity a leap forward for Spain's projection in the world. In the past week, everything had been thrown into the promotional show in Lausanne, short of sending King Juan Carlos to clinch the nomination.

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Steelmakers fight EEC plan

By Quentin Peel in Brussels

EUROPEAN steel manufacturers have launched a last-minute lobbying effort to slow the liberalisation of the industry, which has been proposed by the European Commission.

Logs of dead airman link him to US military bases

A US PILOT killed when his aircraft was shot down while resupplying Nicaragua Contra rebels had down missions in the past 16 months to US military bases, to Colombia and inside Angola, according to his log books, AP reports from Washington.

Mr Wallace B. Sawyer's personal flight crew logs also show that he piloted a Southern Air Transport L322 cargo plane in central America this year even though the company insists he had left by 1985. Nicaraguan officials allowed the Associated Press to review the books for several hours.

Belgian political crisis eases

King Baudouin, the Belgian monarch who plays a pivotal constitutional role in these situations, formally refused the resignation of Prime Minister Wilfried Martens early yesterday morning with the result that the centre right coalition of Christian Democrats and Liberals remains in Government.

It is by no means certain that ministers will reach a decision on Monday. The Netherlands is the only country understood to be in favour of all aspects of the liberalisation proposed by the commission.

John Elliott in Dhaka reports on the aftermath of the presidential elections

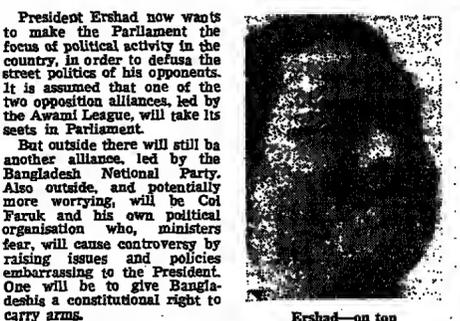
Ershad retains a firm grip in Bangladesh

WIDESPREAD AND blatant rigging of two major elections in Bangladesh in the past five months has left a bitter taste in the mouths of his opponents.

It is assumed that one of the two opposition alliances, led by the Awami League, will take its seats in Parliament. But outside there will still be another alliance, led by the Bangladesh National Party.

President Ershad now wants to make the Parliament the focus of political activity in the country, which is a bitter taste in the mouths of his opponents.

But the real test facing the regime is whether it manages to change its style of government when it has shed its martial law cover and is based on democratic (despite the rigging) institutions.



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Brazil trade surplus suffers sharp fall

By Ivo Dawnya in Brussels

BRAZIL HAS suffered a sharp fall in its trade surplus which is threatening to undermine the growth orientated economic policy of President Jose Sarney.

Argentina gains Falklands forum

By Jimmy Burns

ARGENTINA may have been provided with an added forum to press its claims to the Falkland Islands after its election this week to the 15-member United Nations Security Council, according to diplomatic sources in New York.

US import duty angers Canada

By Bernard Simon in Toronto

CANADA has responded angrily to a US Commerce Department decision to impose a 15 per cent countervailing duty on Canadian softwood lumber, but has ruled out retaliation for the time being.

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Developing communities throughout the Third World since 1937. To: Elizabeth Liddell, Foster Parents Plan, FREEPOST 31, London W1E 5EZ. Tel: 01-493 0940 (24 hours). Charity Registration No. 276035.

Handwritten text in Bengali script: "কর্তব্য কালক্রমে"

# Japan faces UK call to liberalise money markets

By IAN RODGER IN TOKYO

BRITAIN will add its voice to those urging Japan to liberalise its short-term money markets when the two sides meet for their semi-annual discussion of financial issues in Tokyo on October 27.

Mr Nigel Lawson, Chancellor of the Exchequer, warned on Thursday night that while the UK welcomed international competition in London, he expected foreign countries to provide access for UK companies in their financial markets.

The meeting is expected to cover other issues including international co-ordination of securities regulation and Japan's plans to regulate investment management.

Britain is hoping problems involving the issuing of banking and securities licences to individual companies, which have dominated previous meetings, can be put aside.

Last month, there was a breakthrough, with Japan's Nomura Securities being granted a banking licence in London and an affiliate of National Westminster Bank obtaining a securities licence in Japan.

Britain is now prepared in principle to grant banking licences to other Japanese securities companies but may delay issuing them until it sees how much of an impact Nomura will have on the London market.

However, Britain does not believe this should lead Japan to delay issuing securities

licences for British banks, which are relatively insignificant in the Japanese market.

In common with the US and other European governments, Britain is frustrated by the rigidities in Japan's short-term markets, claiming these make it more difficult for foreign banks to compete in Japan.

Britain will be pushing Japan to remove barriers to the efficient operation of the interbank and Treasury bill markets.

Another issue of concern is legislation planned in Japan to regulate investment management. From November 27, investment management companies operating in Japan will have to obtain licences.

Many British companies have long been active in Japan and they fear the regulations, sparked by scandals in domestic fund management, may discriminate against foreign companies. They also fear that, as in the banks' case, the procedure for obtaining a licence may be long and painful.

Last month, Britain concluded an agreement with the US on co-ordinating the regulation of securities trading. It may propose something similar to the Japanese.

The Japanese delegation will be led by Toyoo Gyobten, the Vice-Minister of Finance for International Affairs, and the British by Sir Geoffrey Littler, Second Permanent Secretary to the Treasury.

# Japan's wholesale prices decrease by nearly 12%

By CARLA RAPOPORT IN TOKYO

WHOLESALE prices in Japan continued to fall last month, with a decrease of almost 12 per cent compared with a year ago. At the same time, consumer prices remained virtually flat.

In releasing the figures yesterday, the Bank of Japan said the fall was due to the combined effects of the yen's appreciation and the fall in the crude oil price. The bank's index of wholesale prices, based on 1980 levels, now stands at 87.4.

The most remarkable statistic was that suggesting prices for imported goods were 43 per cent lower than a year ago. Consumers of imported goods in Japan have noted little of this decline.

The bank said it expected the rate of decline in wholesale prices to lessen this month. It pointed to a recovery in the oil price and a rise in some non-energy commodities, such as rubber, cotton and grains.

# Aquino meets communist rebels for first time

By STEVEN BUTLER IN MANILA

MRS CORAZON AQUINO, the Philippine President, yesterday held her first face-to-face meeting with Communist rebels while visiting the island of Panay.

The meeting, which caught observers by surprise, was described by presidential aides as part of Mrs Aquino's efforts to seek a ceasefire with communist insurgents, estimated at 22,500-strong throughout the Philippines.

Details of the 40-minute meeting, which was arranged by local church officials, were not available.

Contact between the Government and ceasefire negotiators from the New People's Army (NPA) has been broken off since the arrest on September 29 of Mr Rodolfo Salas, a key member of the Central Committee of the underground Communist Party of the Philippines (CPP).

NPA negotiators have called for Mr Salas to be released before talks can resume. Earlier this week, Mrs Aquino signed an order releasing Mr Salas' wife and driver from jail in a gesture toward reconciliation.

Mrs Aquino is on a short tour of some of the most depressed agricultural regions of the Philippines, which are also strongholds for the NPA.

The regional military commander, Brig Gen Domingo Rio, told Mrs Aquino that 369 persons had died on Panay since January in the rebel-related violence. NPA strength on the islands had grown by 56 per cent in the past year to nearly 700 regular combatants and 3,500 combat and service support elements.

Mrs Aquino's conciliatory attitude toward the communists has drawn sharp criticism from her defence minister, Mr Juan Ponce Enrile, who says the Government lacks a coherent policy to end the insurgency and that the rebels are using the talks to rearm.

# Israel demands return of airman held in Lebanon

By ANDREW WHITLEY IN JERUSALEM

ISRAEL HAS demanded the return of a captured airman shot down over southern Lebanon on Thursday and threatened retaliatory action if he is not handed over immediately.

The airman, the co-pilot of a Phantom fighter bomber hit by a missile during a bombing raid on a Palestinian camp near Sidon, is believed to be held by the Lebanese Shia militia, Amal, headed by Mr Nabih Berri, Lebanon's Justice Minister.

Mr Uri Luhrami, Israel's top government official responsible for southern Lebanon, said last night that Israel demanded the unnamed airman's return, and would not tolerate any harm to his safety.

"If he is still alive, we will make every effort—not just military—to get him back," an Israeli defence forces spokesman said earlier in the day.

Last night Israeli naval gunboats were patrolling off the shore of Sidon and preparations to send ground forces back into Lebanon in strength appeared to be under way.

Amal, which controls control of the Sidon region with a multiplicity of Lebanese and Palestinian forces, including the mainstream Palestine Liberation Organisation,

# Lords attack government handling of visa rules

By Tom Lynch

THE GOVERNMENT was accused of lack of foresight yesterday over the chaos at London's Heathrow airport in which immigration officers have struggled to cope with a rush of visitors from the Indian sub-continent.

Lord Mishcon, for the Opposition, said in the Lords: "Can the Home Office lay any claim to either efficiency or humanity in permitting conditions such as have existed over the last few days which made terminal three of our great international airport look like a sordid refugee camp?"

The Government should have anticipated the rush before its imposition of a visa requirement for visitors from Bangladesh, Pakistan and India on Wednesday of this week, he said.

The short notice given of the introduction of the visa rules had led to "cruel travel agent rackets of which many of those people were victims." Lord Mishcon also criticised the lack of information available to waiting relatives.

For the Liberals, Lord Avebury said families had been made to wait in "indescribable squalor." His party would seek a vote in the Lords on the Government's actions over the visa scheme on November 20.

He asked why more temporary admissions had not been made so people did not have to be kept in detention during inquiries.

The Earl of Calthness, a junior Home Office minister, expressed the Government's regret at the delays but rejected accusations of lack of foresight. Extra staff had been provided with flights expected from the sub-continent, but many of the arrivals were from other places.

Lord Calthness rejected charges that the visa system was racist and insisted it would benefit bona fide travellers, whose plans would have been disrupted had there been no imposition of the visa scheme.

The decision not to use the temporary admission procedure for all arrivals was justified by the fact that 20 of those detained had ascended.

Of the 3,000 people who arrived from the Indian sub-continent on Tuesday, 763 were detained for further questioning, with 350 being then granted temporary admission and 170 returning home or being asked to leave.

The bill which implements the changes in EEC decision-making agreed between Community heads of government in February, completed its parliamentary progress in the Lords yesterday and will become law within the next few weeks.

Japanese to build £4m Ulster plant

CANYON CORPORATION, a Japanese manufacturer of mist sprayers, is to build a £4m factory in Northern Ireland which will employ 113.

Mr Tetsuya Tada, president, signed an agreement with the Northern Ireland Industrial Development Board which will provide grants towards the building of the factory at Mallusk, near Belfast.

**ECONOMIC DIARY**

TODAY: Stock Exchange stages rehearsal for Big Bang market restructuring.

TOMORROW: Department for National Savings monthly progress report (August). Foreign Secretary Sir Geoffrey Howe starts visit to Jakarta (until October 21). West German Chancellor Kohl visits Washington (until October 21).

MONDAY: Retail sales (September-provisional). Institutional investment (second quarter). EEC Industry Council meets in Luxembourg. EEC Interior Ministers hold informal meeting in London. European Parliament in session in Strasbourg (until October 24). EEC/Asian countries foreign ministers meet in Jakarta (until October 21). Austin Rover union delegate conference on pay in Coventry. TUC statement on City report. Prince Charles and Employment Secretary Lord Young attend International Small Business Congress at Westminster Conference Centre.

TUESDAY: EEC Research Council meets in Luxembourg. Commons returns following summer recess. FT conference on "Developing the global market for equities" at Merchant Taylor's Hall. EC2. West German Chancellor Kohl meets President Reagan in Washington. Details of the privatisation of British Airways published. Nato nuclear planning group meets at Gleneagles.

WEDNESDAY: New construction orders (August). Index of production and construction for Wales (second quarter). Labour Party National Executive meets in London. TUC General Council meeting.

THURSDAY: Preliminary estimate of consumers' expenditure (third quarter provisional). Balance of payments current account and overseas trade figures (September). Confederation of British Industry hold conference on "Getting Government grants" at Centre Point.

# Hazel Duffy looks at the specialists who draw up government bills

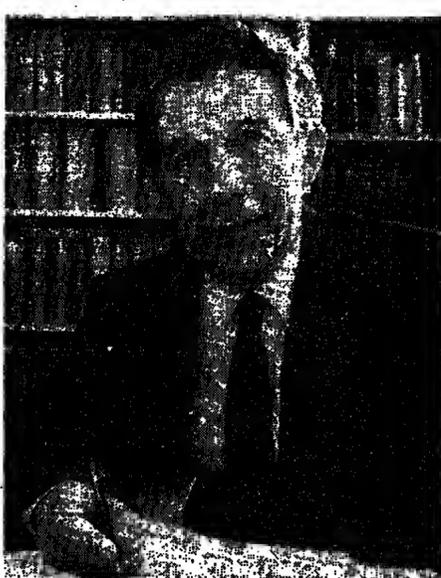
## Chequered path of legal draftsmen

"WHEN JOHN met his uncle in the street he took off his hat." In 1963, Harold Macmillan, then Prime Minister, used this apparently simple sentence to illustrate a point to heckbencher Tam Dalyell, who was seeking an assurance that legislation would not be drafted in obscure language.

"That is a clear sentence," Mr Macmillan told him. "But it is capable of at least six different meanings."

The reply, though not satisfying Mr Dalyell, is still valid in throwing light on the problems encountered daily by the team of civil servants—all lawyers—who are the professional draftsmen of legislation. Working behind the closed doors of the Parliamentary Counsel in Whitehall, it is they who have been struggling to embody the Government's policy for regulating the financial services industry into an intelligible bill.

Critics of the Financial Services Bill, going through the Lords with 350 government amendments, say it is badly drafted. Similar accusations have been made of many bills, in the mistaken belief that a host of amendments means bad drafting. MPs sometimes criticise bills in this way when really they are in dispute with the policy.



Sir George Engle: leads team of draftsmen

Such jibes fail to draw the professional draftsmen. Shielded from the lobbyists, MPs, their Lordships, and even most of Whitehall, they are the least people who would want to be in the public eye.

In the 1985-86 parliamentary session, more than 50 bills drafted by the counsel are expected to receive Royal Assent. The current session has included the always complex Finance Bill, new regulations for building societies, education and the bill to privatise British Gas.

Before the Parliamentary session was set up in 1869, barristers in private practice and even MPs had drafted bills. Since then, nearly all government bills have been the responsibility of the professional team.

Sir George Engle, a Queen's Counsel, known as the First Parliamentary Counsel, heads

an office with 23 barristers and solicitors. They work rather like a barrister's chambers, with one senior and one junior draftsman assigned to take each bill from initial drafting through to Royal Assent. They have close links with the Public Bills offices of both Houses of Parliament but their responsibility is to government, not to Parliament.

The team gets to work after being instructed by the lawyer of the Whitehall department responsible for the bill, who will have assessed in discussions with officials what the minister wants from the legislation.

The team is concerned with detail, not policy. But the draftsman's job is not simply putting policy into legal form. He must also detect points where policy issues arise.

"In theory, the minister has the last word on policy and the

counsel the last word on form and law, but the dividing line is hazy and the draftsman is often drawn into policy decisions," writes Mr Charles Miller, lobbying consultant in his book, *Lobbying Government*, to be published shortly.

Drafting is said to be an "extremely difficult intellectual exercise," particularly when putting together legislation on complex matters. It is easier to draft a bill to regulate the inspection of horse troughs than for licensed deposit-takers.

Most law is knitted on to existing law. This makes it more difficult to draft. It is said each bill is custom-made and bears the imprint of the personal effort that has gone into it. There is no question of a bill being based on a standard statute, although there are similarities between one bill and another.

Drafting bills is no leisurely intellectual exercise. Pressure dictated by the parliamentary timetable is considerable, both at the initial drafting phase—and a bill can have several drafts—and during its course through Parliament. Most large or controversial bills are heavily amended.

The team of draftsmen draws up government amendments and frequently re-drafts amendments from backbenchers which the Government says it is prepared to accept in principle.

The hazards of non-professional drafting are considerable. One MP employed a recently-retired professional draftsman to word his amendment, only to find it was unacceptable because his adviser had already lost the skill of the full-time draftsman.

A long list of government amendments often means the Government has bowed to last-minute pressure for changes, rather than indicating bad drafting. Some amendments, however simple they look on paper, can almost amount to a new bill needing to be drafted.

With the tight timetable, this means there is no time to include amendments which might have improved the structure and wording of the bills.

There can be another hazard for draftsmen in that all Acts of Parliament are open to legal challenge. Bills have to be much more precise when they will provide for taxation than when the legislation will enable the government to pay out money. The annual Finance Bill implementing the Budget can be a tortuous drafting job, while plugging loopholes in tax law is a formidable challenge for draftsmen who are pitting their skills against less than scrupulous financiers.

Lord Thring, the first head of the Parliamentary Counsel, coined the curious phrase: "Bills are made to pass as razors are made to sell." Sir George interpreted it at a conference on statute law as meaning that just as razors must sell before they get a chance to shave, so bills must pass before they can become law and do their work. It is no use drafting a bill in a way that makes it impossible to get it through parliament.

# Kinnock criticises education initiatives

By Michael Cassell, Political Correspondent

MR NEIL KINNOCK, Labour Party leader, yesterday attacked recent government initiatives on education, claiming they were fundamentally wrong and represented "a withdrawal from reality and responsibility."

Mr Kinnock said at the Royal Society of Arts in London that education was on the brink of a period of massive change. Expectations of what education should achieve had never been higher, but resources had hardly ever been so conditionally available or confident within the education service so low.

He claimed some of the recent initiatives appeared to be based on the notion that the education system was a desert, an error reinforced by an almost complete lack of personal acquaintance with the maintained system amongst ministers.

Having decided that the whole terrain was barren, the Government had tried to diminish the problem by creating oases, in the form of the assisted places scheme, the technical and vocational initiative and new city technical colleges.

Mr Kinnock said the decisions were wrong on several counts, not least because the Government's obsession with the idea that funding should be provided from outside the education system led to a further derogation of responsibility and a further loss of resources and initiative to the education service.

**Woolworth board director resigns**

MR RICHARD HARKER, 42, has resigned as main board director of Woolworth Holdings with responsibility for the operations of the F. W. Woolworth high street stores.

Mr Bill Bowers has resigned as chairman of Staffordshire Potteries three months after the company was taken over by Coleroll for £14m.

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Dorset onshore oilfield scheme given go-ahead

BY LUCY KELLAWAY

DEVELOPMENT OF the largest onshore oilfield in Western Europe — at Wytch Farm in Dorset — was given the go-ahead yesterday by the county council.



The decision came as a great relief to BP, the operator of the field, which has staged an unprecedented lobbying campaign over the last two years aimed at environmental groups and the council.

The Dorset County Council approved unanimously all 17 proposals put forward for a development which will cost £265m and boost oil production from the present level of about 6,000 barrels a day to a maximum of 50,000 b/d.

The Council for the Protection of Rural England, which had asked for a public inquiry into the development of Wytch Farm said yesterday it was "relatively satisfied" with the final proposals.

These include 46 new wells, most of which will be drilled from existing sites, and the extension of the station when the oil is gathered from 10 to 33 acres. Development is expected to start in the middle of next year, and peak production — involving 10m cubic feet of gas a day and 195,000 tonnes of propane and butane — will be reached in 1989.

Development is now subject to approval from the Department of Energy for a pipeline to carry the oil to a terminal on Southampton Water.

BP said the total reserves of the field are about 230m barrels, more than earlier estimates of about 200m barrels. Wytch Farm is of comparable size to the smaller of the North Sea fields, most of which are uneconomic at current oil prices.

By comparison, the relatively low cost of developing oil fields onshore will make Wytch Farm profitable for BP and its partner—Tricentrol, Premier, Consolidated, Carless, Clyde and Goal—at oil prices well below current levels.

Wytch Farm lies between the Poole Harbour and Purbeck in an area of outstanding natural beauty which encompasses areas of Special Scientific Interest.

The granting of planning permission will be encouraging for oil companies negotiating with local councils in Kent, Surrey and in the Midlands to obtain permission to drill.

Of the £265m total investment in Wytch Farm, about £45m is likely to be spent locally, creating jobs for about 1,400 people. During production, which is expected to run for 25 years, about £2.6m a year should be spent locally, and about 400 people employed.

Court tells bank to free Libyan assets

By Raymond Hughes, Law Courts Correspondent

THE LONDON branch of the New York-based Bankers Trust Company has been ordered by the High Court to pay \$131.2m (£81.7m) to a Libyan bank.

The money is part of \$300m claimed from Bankers Trust by Libyan Arab Foreign Bank, wholly-owned by the Libyan central bank, in a dispute stemming from President Reagan's freeze on Libyan assets in US banks as part of his anti-terrorism drive.

At a private court hearing on Thursday, Mr Justice Evans gave the Libyan bank an order for summary judgment on its claim for the \$131.2m to which, the Libyans had contended, Bankers Trust had no arguable defence.

Yesterday, Bankers Trust returned to court and applied successfully to have the judgment suspended pending an appeal.

Bankers Trust said later that the \$131.2m was the only part of the \$300m that had indisputably been in London when Mr Reagan imposed his freeze.

The case — a step in Libya's attempts to free its frozen assets — concerns funds the Libyan bank claims it instructed should be transferred from New York to Bankers Trust in London.

The appeal is expected to be heard in about six weeks. The remaining part of the Libyan bank's claim is due to come to trial next June.

The case raises questions about the extra-territorial powers of the US Government and is being closely watched by the international banking community because of its far-reaching implications.

The central issue — whether the US has the legal right to freeze bank assets outside its own territory — has never been ruled on by the courts.

Launch of Third Market postponed

BY ALICE RAWSTHORN

THE Stock Exchange has postponed until early next year the introduction of the Third Market, the mechanism for dealing in shares of young unquoted companies which will act as a junior tier to the main market and the Unlisted Securities Market.

The introduction of the new market was originally intended for October 27, the day of Big Bang, when London securities markets are deregulated. The date had been postponed a few weeks ago until December 8.

The Stock Exchange attributes the delays to the problems that the Third Market Development Group, the committee charged with devising a suitable structure for the Third Market, has encountered in thrashing out the practical details of the launch.

Mr Graham Kennedy, joint chairman of the Stock Exchange's Unlisted Securities committee, said: "We have been timely to have introduced the Third Market on Big Bang day, but with all the work involved in our preparations for deregulation there simply has not been enough time."

The Third Market will provide a mechanism for dealing in the shares of companies too small or too young to be quoted on the main market or USM under the aegis of the Stock Exchange.

Until now the shares of these companies have been traded off the Stock Exchange floor on the informal over-the-counter market. Dealings in Third Market shares will be restricted to members of the Stock Exchange and companies will be introduced to the market by member sponsors. The Stock Exchange will delegate responsibility for ensuring that these companies

are suitable for Third Market trading to the member sponsors. Mr Kennedy said: "We hope that many of our members will become involved in the Third Market and so far have had indications that several firms intend to do so. This should ensure that the market is more liquid than the existing OTC market."

Once dealings begin on the Third Market both the Stock Exchange and the Third Market Development Group will keep a close watch on its progress.

designed to favour the older members, as their £10,000 payment will become due as soon as they reach the age of 60 whereas younger members will have to wait for up to 30 years. This will minimise the windfall gains accruing to younger members who have only recently become Stock Exchange members.

Compensation payments will be brought forward if a member dies or becomes insolvent, although no payment will be made before March 25, 1987.

The arrangement is also designed to ensure that the recipient becomes liable only to capital gains tax — and not to income tax — on his £10,000 payment, provided he takes the money on or after his retirement. Individuals have a £5,000 annual exemption from CGT and thereafter gains are taxed at a 30 per cent rate.

The total cost of the compensation will be £54m, or approximately two-thirds of the exchange's current annual revenue. But as it will be spread over several decades, the compensation will be paid out of the Stock Exchange's regular income. The joining fees of up

SE prepared to act on problems of liquidity

BY ALICE RAWSTHORN

THE STOCK EXCHANGE confirmed yesterday it would be prepared to act to solve liquidity problems that might arise in dealings in the shares of small companies after Big Bang on October 27.

"We recognise that there is concern that the market in the shares of small companies may become illiquid after the Big Bang," Mr Graham Kennedy, joint chairman of the Stock Exchange's quotations committee, said. "But if there are problems we will have to deal with them as they arise."

Mr Kennedy was speaking at a conference in London yesterday to mark the start of dealings in the shares of Interlink, an overnight parcels delivery service and the 50th company to join the Unlisted Securities Market.

As Big Bang approaches, concern has grown that in the more competitive climate of the London securities markets, dealings may be concentrated in larger, more profitable transactions through big companies, to the detriment of small companies.

County Bisgood, the jobbing arm of the National Westminster Bank and the only jobber to make markets in all USM shares, has said it will not continue to make markets in every USM stock after deregulation.

Mr Kennedy said that if liquidity problems arose from a lack of dealer-interest in small companies, there was little the Stock Exchange could do.

It could, however, try to stimulate interest in small companies through marketing, or try to change the complexion of the USM by reforming the rules which influence the type of companies joining the market.

STOCK EXCHANGE PLANS FOR CONSTITUTIONAL CHANGE Reforms pave the way to merger with Isro

BY CLIVE WOLMAN

THE STOCK EXCHANGE Council is proposing four major constitutional amendments to permit the exchange's merger with the International Securities Regulatory Organisation (Isro) to proceed.

The chief amendments are: ● Voting control over the new exchange and associated self-regulatory organisation (SRO) will be transferred from individuals to member firms, each of which initially will have one B share conferring one vote.

The present individual and external members will each be given one A share which will carry no votes but will be redeemable by the Stock Exchange when the member reaches the age of 60 or, if he chooses, when he retires. Each member will be paid £10,000 on redemption.

The new Stock Exchange will be divided between two bodies: a recognised investment exchange (RIE) and an SRO, with control shared between Stock Exchange and Isro members.

● The Stock Exchange will be converted into a limited company so that its owners will have unlimited liability for its debts and obligations.

All the constitutional changes will require a 75 per cent majority of the existing members to become effective. The initial vote will take place at a general meeting which has been called for November 11. For those who have not attended, a poll will be held the next day in the Stock Exchange building between 11 am and 4 pm.

In a letter to members sent yesterday, Sir Nicholas Goodison, Stock Exchange chairman, explains that the way members are to be compensated for the loss of their voting rights has been strongly influenced by tax considerations.

If the Stock Exchange were to be wound up and its assets, in particular the Stock Exchange tower, sold and the proceeds distributed, each member would receive about only £2,750 per share after the payment of capital gains tax. Sir Nicholas says. In addition, continuing businesses would face a heavy burden financing the establishment of a new exchange at a time when substantial investments would be required in technical systems.

As it is, the compensation arrangements have been designed to favour the older members, as their £10,000 payment will become due as soon as they reach the age of 60 whereas younger members will have to wait for up to 30 years. This will minimise the windfall gains accruing to younger members who have only recently become Stock Exchange members.

Compensation payments will be brought forward if a member dies or becomes insolvent, although no payment will be made before March 25, 1987.

The arrangement is also designed to ensure that the recipient becomes liable only to capital gains tax — and not to income tax — on his £10,000 payment, provided he takes the money on or after his retirement. Individuals have a £5,000 annual exemption from CGT and thereafter gains are taxed at a 30 per cent rate.

The total cost of the compensation will be £54m, or approximately two-thirds of the exchange's current annual revenue. But as it will be spread over several decades, the compensation will be paid out of the Stock Exchange's regular income. The joining fees of up

Bcal chief urges staff to seek record £30m profit

BY MICHAEL OONNE, AEROSPACE CORRESPONDENT

SIR ADAM THOMSON, chairman of British Caledonian, the independent airline, part of Caledonian Aviation group, is asking staff to aim for a record £30m profit in the financial year 1986-87 starting November 1.

Results for this financial year are not revealed but are understood to be down on Caledonian Aviation's £21.7m group profit for the year to last October 31.

This is due to difficulties which include this summer's fall in North Atlantic traffic stemming from US travellers' fears of terrorism in Europe; problems in Libya after the US bombing; the decline in crude oil prices which has hit traffic to Saudi Arabia; and currency problems in Nigeria.

None of these problems is dealt with by Sir Adam in his message to staff. He says: "We all know about the problems of 1986. We have discussed them often enough and I do not intend to dwell on them now." Instead he emphasises that "part of the foundation for a successful 1986-87 financial year has been built by the way we have responded to those problems."

These measures included the extensive retrenchment programme announced this summer involving a cut of about 1,000 staff; the closure of some sales offices; and a reduction in flights.

Sir Adam tells staff that, for the coming year, "problems still exist in parts of the airline — they will be resolved." He says productivity per employee has risen, overheads have been trimmed and that the airline is "demonstrably more flexible and responsive in working practices."

He says that "not since the early 1950s, when we opened new gateways in the US and created the Middle East and Far East network, has there been the opportunity for the kind of major expansion we shall see in 1987." As all the plans were put in place Bcal would expand by no less than 13 per cent next year.

The Overseas Investment Bank has lent £5m for 10 years to Caledonian Airmove, the Prestwick aero-engineering facility, part of Caledonian Aviation group. The loan is the first instalment of a total borrowing that could reach £19m to help fund a doubling of the plant's size by next spring.

British Airways last night started its first non-stop London-Hong Kong flight when a Boeing 747 with improved Rolls-Royce RB211-324D4 engines left Heathrow aiming to cover 7,293 miles in 12 hrs 25 min. The flight was for route-proving purposes. Regular weekly non-stop flights are planned.

Dunbar and Capel to forge link

By Hugo Dixon

ALLIED DUNBAR, a financial services group, is to channel most if not all its private-client business through James Capel, stockbroker.

As part of the deal, a new company, Allied Dunbar James Capel, is being set up. The deal will allow Capel to expand its private-client base and Dunbar to offer stockbroking expertise to clients.

Mr Hugh Jenkins, Dunbar group investment director, said: "There will be a closer agreement over private clients. Neither its wholly exclusive or substantially exclusive has yet to be decided."

Dunbar has 3,500 salesmen selling mostly life insurance, pensions and unit trusts and £4.6bn under management.

Mr Jenkins said this institutional business was channelled at the moment through a variety of stockbrokers, including Capel, and there was no plan to make the arrangement exclusive.

"However, we will be putting more business through companies which we take our research from," he said.

The link's main emphasis will be to develop new products for private individuals.

Personal equity plans are big on the list though other products are also being looked at. Dunbar will fund the business and pass it to Capel.

The new company will not trade or employ staff. It will be a name for new products and a profit-sharing device.

Profit-related pay plan receives business support

BY PHILIP BASSETT, LABOUR EDITOR

THE GOVERNMENT'S proposals for the introduction of profit-related pay are warmly supported by business leaders — though not without some significant reservations, according to a business opinion survey by the Institute of Directors.

In a letter sent yesterday to Mr Nigel Lawson, Chancellor, the IOD reports an "enormously wide spread of support" for the idea, canvassed in a green paper, of providing tax relief for companies linking a proportion of their employees' pay to profits.

The survey of more than 400 IOD and company board members shows that 65 per cent of directors whose companies do not have such schemes would consider introducing them if legislation were enacted. Of those with schemes, 83 per cent said they would modify them to bring them within the tax benefit provisions.

There was no evidence, however, that employers believed the introduction of such a scheme would in itself provide direct economic stimulus, or significantly improve employment prospects, according to Mr Graham Mather, IOD policy unit head.

The IOD says its survey, in which 54 per cent of respondents already had a profit-share of employee share ownership scheme, offers "strong encouragement" for the Government to press ahead with its plans.

Employers did not believe it would lead to a situation where pay cuts replaced job shedding resulting from productivity gains.

The IOD is concerned about what it describes as the "adequacy" of the tax relief proposed — available on one-quarter of profit-related pay to a limit of 5 per cent of total pay or £1,000, whichever is lower. It is bothered by the possibility of the relief's being temporary and the absence of a proposal for tax benefit to apply to the paying company.

There was no evidence, however, that employers believed the introduction of such a scheme would in itself provide direct economic stimulus, or significantly improve employment prospects, according to Mr Graham Mather, IOD policy unit head.

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Freer European markets 'vital for stronger growth'

BY PHILIP STEPHENS, ECONOMICS CORRESPONDENT

A PLEA for European governments to embark on a programme of liberalising international and domestic markets has been made by Mr Herbert Giersch, Professor of Economics at West Germany's Kiel University.

Delivering the annual Wincoff Lecture in London, Mr Giersch said such a programme was vital if the industrialised economies were to achieve a return to the 4 per cent to 5 per cent growth typical of the 1960s and 1970s.

Mr Giersch said the rapid growth in the European economy after the Second World War was explained by the rapid liberalisation of internal and external markets.

In West Germany "a liberalisation miracle" brought the gradual revival of confidence in open economic systems. That was accompanied by the liberalisation of trade in manufactures, across Europe and US leadership in a worldwide trend towards the removal of trade restrictions and a lowering of tariffs.

The virtuous circle, however, began to crumble during the late 1960s. Governments began to place more reliance on demand management with full employment promises that later became promises to protect specific activities and jobs. At the same time, a growth-oriented liberalisation, which coincided with worldwide price rises for fuel and raw materials, giving excessive rises in real wages.

"Europe's classical overemployment of the 1960s thus turned into Europe's classical unemployment of the 1980s," Mr Giersch said. "While the 4 to 5 per cent growth of industrial economies in the 1950s and 1960s went along with the opening of markets, the 2 to 3 per cent growth of the 1970s and 1980s was characterised by rising protectionism, both within and among countries."

Mr Giersch said that after 15 years of relative stagnation Europe in the second half of the 1980s had an opportunity to embark on a new programme to bring an acceleration in economic development. The anti-inflation policies of all countries and fiscal consolidation in some had brought confidence in relative price stability.

"Never during the last 15 years have prospective conditions for such a programme been better than now," he said.

The programme would have to include at least three basics: The liberalisation of national labour markets for more flexibility. The completion of the internal market within the European Community, and the liberalisation of external trade in goods and services.

"We learned in the immediate post-war period that liberalisation, domestic and international, can produce what economists, in retrospect call a miracle. Liberalisation fostered growth — growth oriented liberalisation. We now also have the experience of the small Asian countries that have done so well when they became outward-looking. It could be done again — in Europe and worldwide," said Mr Giersch.

Solicitors split over changes

By Raymond Hughes

SOLICITORS ARE split over what one of their leaders described yesterday as the legal profession's equivalent of the Big Bang.

Debate at the Law Society's conference in Torquay on the reforms needed by the international institutions notwithstanding conveyancing and the trend towards mixed profession partnerships revealed a deep division.

Some solicitors argued for retrenchment and "going it alone," others argued that the profession should bow to the inevitable.

Mr Derek Bradbeer, the society's vice president, spoke of a revolution as significant for the profession as the Big Bang was for the City.

Mr Duncan Ogilvy, chairman of the Young Solicitors National Committee, said it was less a question of a Big Bang than of solicitors fading into obscurity as other professions encroached on the legal field. Mixed partnerships were not the answer — solicitors must "get organised and stay independent."

Mr David Thomas, from Birkenhead, said there was a great danger of a split in the profession. Although there was a majority against mixed partnerships, there was also a strong feeling that they were inevitable.

Sir Max Williams, a former Law Society president, said he did not think solicitors could stop mixed partnerships.

There was a spell in between in Canada with Lafarge, the French cement company, five years as a senior executive with Pechiney, the French aluminium and special metals group; and almost 10 years as a director of Rio Tinto-Zinc, the British-based mining group.

At RTZ he helped to establish the company's North Sea energy interests and was closely involved in important negotiations with customers at RTZ's Rossing uranium mine in Namibia.

Andrew Taylor on how the Channel tunnel project could depend on investors' faith in its chief executive

Long road ahead for Frenchman in charge of Eurotunnel

BY ANDREW TAYLOR

FINANCIAL institutions will be deciding during the coming week whether to invest an initial £200m in shares in Eurotunnel, the Anglo-French consortium planning to build a £2.4bn rail tunnel between Britain and France.

They will be considering, among other things, whether Mr Jean-Loup Dherse, the project's newly-appointed chief executive, has the ability to transform Eurotunnel from a disparate group of bankers and contractors into a smooth-running efficient transport company.

Equally important for Mr Dherse and his British deputy Mr Michael Julien, former Midland Bank finance director, will be to rekindle public enthusiasm for a project hit by delays in arranging finance and by a noisy and well-orchestrated opposition campaign from cross-Channel ferry companies, conservationists and local residents.

Public confidence in the company and its plans will be crucial next summer when Eurotunnel proposes a £750m international share offer before seeking a quotation on the

London and Paris stock exchanges.

The consortium privately admits it has suffered from the delay in appointing a chief executive. The choice of a Frenchman was necessary to satisfy national honour once it was decided that Eurotunnel's principal headquarters was to be the former London headquarters of Blue Circle, Britain's biggest cement manufacturer. Britain was also responsible for appointing Mr Dherse's deputy.

The French were looking initially for a leading public figure, with experience of running a large operation such as a nationalised industry, to lead the company.

Mr Francis Bouygues, chief of Bouygues, France's largest construction group, and a founding shareholder of Eurotunnel, makes no secret of his admiration for Sir Nigel Brookes, chairman of the British group Trafalgar House. He would have liked somebody with similar style and stature appointed from the French side and some say he would still like Sir Nigel to join the team.

In Mr Dherse the consortium has a highly respected 53-year-old industrialist with wide international experience — but someone who is not yet a household name in either France or Britain.

His credentials include five years in the French civil service working for the oil and gas division of the energy and industry department, where he helped to prepare settlement terms for Algerian independence, and three years at the World Bank as vice-president for energy and industry.

Dover to build £2m berth to handle deep-sea ferries

BY ANDREW TAYLOR

THE PORT of Dover, which opposes plans to build a Channel tunnel, is to spend £2m developing a deep-water berth, expected to open next June, to handle deep-sea roll-on, roll-off ferries.

Yesterday the port said: "Existing ferry facilities can cope only with short sea traffic. This will increase the scope of our business and in particular encourage transhipment of roll-on, roll-off trade coming from further afield but ultimately destined for the Continent."

The berth will be at the eastern end of the ferry port. It will be a floating pontoon, 9 m deep at low water, anchored to the seabed by ballast tanks. Existing ferry berths have a 7 m depth at low water, although larger ships can be handled in the adjoining general cargo dock at Dover.

A contract to design and build the berth has been awarded to MacGregor Navire UK. British Shipbuilders is expected to build it.

A national advertising campaign to recruit the first 4,600 workers needed to build the British end of the tunnel between Britain and France, remembers the dis-appointment when the incoming Labour Government, under Mr Harold Wilson, unilaterally abandoned the scheme in January 1975. This time he is determined to succeed.

Mr Dherse will be expected to use all his determination and persuasiveness as a negotiator at Eurotunnel. The company will need a firm hand at the tiller as it seeks to create an efficient operation from the diverse and sometimes conflicting interests of the bankers and contractors who founded the consortium.

A new board of directors of which only two members are contractors — one each from Britain and France — has already been established.

A much broader range of shareholders will also help. On the public front, Mr Dherse will have to dispel some of the fears raised by opponents about the scheme's financial viability and the tunnel's safety.

This problem appears greater in Britain where public opposition is stronger and where the hybrid bill establishing the legal framework for the project has still to be successfully steered through Parliament.

Mr Dherse, who joined RTZ when the company was appointed project managers during the last attempt to build a rail

Ford designer to leave

BY JOHN GRIFFITHS

MR UWE BAHNSEN, who was responsible for the design of the Escort, Sierra, Granada and Fiesta, is leaving Ford in December after 28 years.

Mr Bahnsen has been vice-president of design for Ford in Europe since 1976.

The Transit van and Cargo truck ranges were also created under his design direction.

Mr Bahnsen is to become director of education at the Art Centre College of Design (Europe) in Lausanne, Switzerland.

The Swiss campus is newly-established and has been funded partially by Ford.

His successor is to be Mr Andy Jacobson, chief designer at Ford's centre in Cologne, West Germany. He joined Ford in 1965 and has worked previously in Ford design centres in North America, Australia and the UK.

His long association with Mr Bahnsen would ensure continuity of design at Ford, the company said last night.

Profit-related pay plan receives business support

BY PHILIP BASSETT, LABOUR EDITOR

THE GOVERNMENT'S proposals for the introduction of profit-related pay are warmly supported by business leaders — though not without some significant reservations, according to a business opinion survey by the Institute of Directors.

In a letter sent yesterday to Mr Nigel Lawson, Chancellor, the IOD reports an "enormously wide spread of support" for the idea, canvassed in a green paper, of providing tax relief for companies linking a proportion of their employees' pay to profits.

The survey of more than 400 IOD and company board members shows that 65 per cent of directors whose companies do not have such schemes would consider introducing them if legislation were enacted. Of those with schemes, 83 per cent said they would modify them to bring them within the tax benefit provisions.

There was no evidence, however, that employers believed the introduction of such a scheme would in itself provide direct economic stimulus, or significantly improve employment prospects, according to Mr Graham Mather, IOD policy unit head.

The IOD says its survey, in which 54 per cent of respondents already had a profit-share of employee share ownership scheme, offers "strong encouragement" for the Government to press ahead with its plans.

Employers did not believe it would lead to a situation where pay cuts replaced job shedding resulting from productivity gains.

The IOD is concerned about what it describes as the "adequacy" of the tax relief proposed — available on one-quarter of profit-related pay to a limit of 5 per cent of total pay or £1,000, whichever is lower. It is bothered by the possibility of the relief's being temporary and the absence of a proposal for tax benefit to apply to the paying company.

There was no evidence, however, that employers believed the introduction of such a scheme would in itself provide direct economic stimulus, or significantly improve employment prospects, according to Mr Graham Mather, IOD policy unit head.

The IOD says its survey, in which 54 per cent of respondents already had a profit-share of employee share ownership scheme, offers "strong encouragement" for the Government to press ahead with its plans.

SE prepared to act on problems of liquidity

BY ALICE RAWSTHORN

THE STOCK EXCHANGE confirmed yesterday it would be prepared to act to solve liquidity problems that might arise in dealings in the shares of small companies after Big Bang on October 27.

"We recognise that there is concern that the market in the shares of small companies may become illiquid after the Big Bang," Mr Graham Kennedy, joint chairman of the Stock Exchange's quotations committee, said. "But if there are problems we will have to deal with them as they arise."

Mr Kennedy was speaking at a conference in London yesterday to mark the start of dealings in the shares of Interlink, an overnight parcels delivery service and the 50th company to join the Unlisted Securities Market.

As Big Bang approaches, concern has grown that in the more competitive climate of the London securities markets, dealings may be concentrated in larger, more profitable transactions through big companies, to the detriment of small companies.

County Bisgood, the jobbing arm of the National Westminster Bank and the only jobber to make markets in all USM shares, has said it will not continue to make markets in every USM stock after deregulation.

Mr Kennedy said that if liquidity problems arose from a lack of dealer-interest in small companies, there was little the Stock Exchange could do.

It could, however, try to stimulate interest in small companies through marketing, or try to change the complexion of the USM by reforming the rules which influence the type of companies joining the market.

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## Engineering claim talks 'have only 50-50 chance'

BY HELEN HAGUE, LABOUR STAFF

DR JAMES MCFARLANE, Engineering Employers Federation director general, yesterday said protracted talks with engineering unions on a trade-off between shorter working hours and flexibility had only a 50-50 chance of success.

He spoke after engineering union leaders representing 1m manual workers formally submitted a pay claim for what they called a substantial rise on the national minimum-pay rate in the sector.

The claim includes a call for the working-week to be cut to 35 hours. This issue is being discussed in a sub-committee comprising members of the Confederation of Shipbuilding and Engineering Workers and federation representatives.

However, Mr Bill Jordan, Amalgamated Engineering Union president, made clear that rises of at least 7 per cent to 8 per cent were sought.

The national minimum rate agreed between the confederation and the federation directly determines pay rates of 600,000 manual workers employed by the federation's 5,000 member-companies.

None the less, up to 1.5m workers could be affected by the agreement because it sets the pace both for domestic settlements with staff unions and for companies not affiliated to the federation.

Mr Jordan, who led the confederation's 12-strong negotiating team, said the claim would not be inflationary or job-destroying. About 95 per cent of engineering workers receive higher rates than the national minimum, through company or local agreements within the industry's two-tier bargaining structure.

National minimum rates are £101.50 a week for skilled workers and £73.10 for unskilled. However, the average wage for a skilled worker is £154.20 and for the unskilled £112.

The federation will not make a formal response to the claim until next month. After yesterday's meeting Dr McFarlane said employers would bear in mind the current inflation rate when shaping their reply.

He hoped talks on increased flexibility and shorter working hours would lead to a national agreement. He emphasised that before any final proposals could come on stream all unions in the talks would need to agree to them.

The sub-committee on hours is due to meet on October 29 when the federation will be pressed to put a figure on the cuts in working-time which it is prepared to countenance.

The confederation district in Manchester has tabled a motion to the body's forthcoming executive meeting, calling for an end to the current talks. Shop-stewards from across the region have been called to a strategy meeting on Monday.

## Sealink occupations continue despite vote

Financial Times Reporter

OCCUPATIONS WERE continuing last night on board two Sealink ferries—despite a vote earlier yesterday to end the two-week-old dispute.

In Guernsey, the captain of the Earl William was handed an ultimatum from the Channel Islands Advisory Council threatening to leave the ship marooned in the harbour unless the strike ended by 7 am today.

In Weymouth, an official of the National Union of Seamen said the occupation of the Earl Godwin would continue until it was certain seasonal deck hands would get redundancy money along with the rest of the crew.

The dispute, which broke out after the loss-making Sealink announced job cuts on its Channel Island route, officially ended yesterday when more than 200 seamen voted to accept a nationally-agreed peace package at a mass meeting in Southampton.

Although the deal, which NUS officials said would save 86 jobs, was accepted by a margin of two to one, many men were angry as they left the meeting.

Mr Roger Berry, chairman of the Channel Islands Advisory Council, said last night he had spoken to the captain of the Earl William and representatives of the crew and received no assurance the ship would be moved, despite the vote in Southampton.

In the ultimatum, the council said all harbour facilities would be withdrawn and no water would be supplied to the ship except for a standpipe on the quay.

## Industrial relations 'similar in domestic and foreign groups'

BY PHILIP BASSETT, LABOUR EDITOR

INDUSTRIAL RELATIONS in Britain and foreign-owned companies operating in the UK show no real difference either in principle or practice, according to the Confederation of British Industry.

The CBI's views, set out in unpublished evidence to the House of Commons cross-party employment select committee for its inquiry into the industrial relations practices of foreign-owned companies in the UK, counter-balance suspicions—that the working practices of foreign-owned companies operating in Britain are substantially different from those of domestic employers.

In its submission, the CBI acknowledges that "in many cases, the industrial relations practices of foreign-owned companies have made a beneficial and significant impact on prevailing attitudes in industry generally," pointing especially to "innovative and imaginative management techniques."

However, it points out that, while many UK companies have learnt from foreign-owned employers and are introducing such practices as quality circles as a result of their successful application elsewhere, others are moving towards trying to diminish internal status conflicts through harmonisation, better communications and trying to regain their competitive edge.

The CBI says that in the present economic climate, all companies are having to improve working practices and introduce greater flexibility.

This has been a significant factor in the move towards single-union deals, for instance, which are widely seen as a mark of foreign-owned companies ready to recognise unions: "It is these economic pressures rather than the application of any foreign concepts of industrial relations that have accelerated the trend towards single-union representation."

Similarly, the CBI is cautious about the strike-free deals a small number of foreign-owned companies have reached with workforces in the UK. "Whatever the impact of such agreements on industrial relations in the long run, it is important to note that their impact should not be over-stated."

## ASTMS to pick officials before merger vote

BY HELEN HAGUE, LABOUR STAFF

THE WHITE-COLLAR union, ASTMS, is to appoint two key officials in advance of its annual conference next spring, when delegates are expected to vote on whether to back a merger with Tass, the manufacturing union.

The decision to select two assistant general secretaries before next March was approved last weekend by the union's executive by a majority of 19 to five.

Lady Muriel Turner, assistant general secretary, is due to retire in September, as is Mr Stan Davidson, the union's deputy general secretary.

The substantial majority reflected in the executive vote underscores strong feeling within ASTMS that the union should have a top team of national officers in place before merger plans with Tass reach an advanced stage.

Both unions have exchanged preliminary papers concerning merger, and these are expected to be fleshed out early next month at a joint meeting of the ASTMS and Tass executive committees.

A merged union would create the largest white-collar grouping in the TUC and its sixth largest affiliate, on present membership.

ASTMS claims 390,000 members and Tass more than 250,000. The unions both organise in engineering among white-collar staff.

Under preliminary draft proposals, Mr Clive Jenkins, general secretary of ASTMS and Mr Ken Gill, the Tass general secretary, would lead a merged union in tandem.

## NGA pursues case against electricians

By Helen Hague

THE National Graphical Association has made a formal request to address the TUC's finance and general purposes committee on Monday—when the Congress decision on the role of the electricians union EETPU in the Wapping dispute will be discussed.

Congress voted to censure the general council for not instructing the EETPU to direct its members to stop doing printworkers' jobs at the News International plant.

Mr Norman Willis, TUC general secretary, and Mr Fred Jarvis, TUC president, will decide whether to grant the NGA its request.

As the Sogat '82 executive is scheduled to meet on Monday to discuss future strategy in the dispute, a full debate is not expected to take place until a further meeting.

The EETPU has argued previously that an instruction to its members inside the plant to cease work and respect sacked printworkers picket lines would be unlawful.

## Supermarket workers vote in dispute over grading

BY CHARLES LEADBETTER, LABOUR STAFF

WORKERS at Wellworths, Northern Ireland's second largest supermarket chain, are being hallooed on whether to end a dispute over job regrading.

Usdaw, the shopworkers' union, says the issue has provoked the first big supermarket strike since the 1950s.

More than 1,300 Usdaw members are voting by post, the first time the union has used a postal ballot in a strike.

The workers—mainly women—are deciding whether to take further strike action or to accept an agreement negotiated between union officials and the company.

Last week, workers walked out of 13 Wellworths' 24 supermarkets because some had their pay cut after their jobs were reclassified. The company carried out the regrading without consulting Usdaw or the workers.

Wellworths, a subsidiary of the Jee Corporation, which also owns Fine Fare and International Stores, has agreed to spread the introduction of the grade structure over several months to ensure no worker suffers a sudden drop in earnings.

The company and the unions have established a joint consultative committee to oversee the regrading.

The result of the vote will not be known until the middle of next week, when Usdaw also expects the results of a strike ballot among staff employed at Quiksave's 300 British supermarkets.

USDAW is launching a novel recruitment drive in Birmingham on October 28, advertising the benefits of union membership on the side of a public bus.

The move is part of a recruitment drive to boost the union's representation in the retail sector, particularly among part-time workers.

The message on the bus will read: "Shopworkers! Don't miss the bus on pay and conditions." It will also carry the telephone number of Usdaw headquarters.

## Power strike talks held

By Our Labour Staff

NORTHERN Ireland Electricity and the power workers' trade unions held lengthy talks yesterday aimed at settling the dispute at the province's largest power station, at Ballylumford, which has caused widespread power cuts since Tuesday.

Several hundred workers at Belfast West power station were waiting for the talk's outcome before deciding whether to strike in support of the 350 strikers at Ballylumford, which supplies two thirds of Northern Ireland's electricity.

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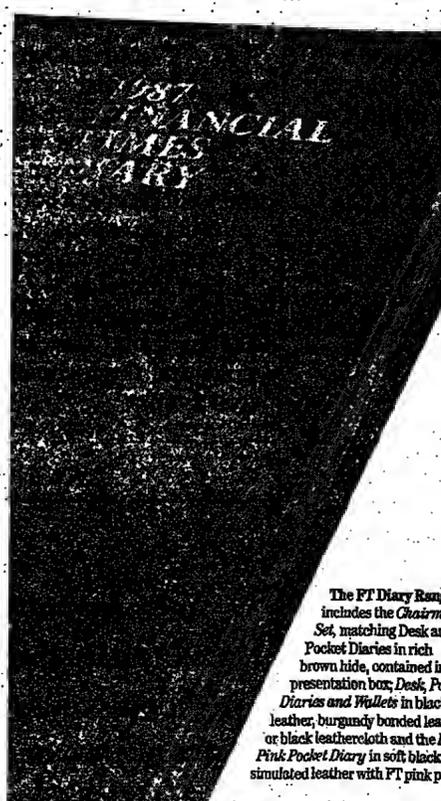
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# Too close a horizon

AN OBSESSION with the short term is, according to the Chancellor, Mr Nigel Lawson, in his Mansion House speech on Thursday, the British national ailment. What his audience made of the assertion we do not know. But many industrialists would not dissent when Mr Lawson attributes to them the belief that the disease is to be found in its most virulent form in the City of London.

Mr Lawson could be forgiven for feeling a little sore himself. Having given the initial appearance of wanting to face it out with the markets as starting began its uneasy descent at the time of the Group of Five and International Monetary Fund meetings in Washington, he has ended up with a concession that the markets have found altogether grudging: a one point rise in interest rates this week did nothing to arrest sterling's slide against the D-mark. Nor did the Mansion House speech's message of no change in monetary policy do anything to reassure them.

Mr Lawson's apology is that it would have been foolish to move in the fevered market atmosphere of the fortnight that followed the Washington meeting. Sterling has, however, been signalling some easing in monetary conditions. While it was sensible to allow the exchange rate to fall in the aftermath of the huge drop in the price of oil, there were limits to the desirable extent of the slide. That point has now been reached. Short term interest rates have been raised to the level necessary to produce monetary conditions that restrain inflation.

## Growth slowing

The trouble with all this from the market's point of view is that the figures in the underlying real economy are less than reassuring. The annual rate of growth in annual earnings remains at an obdurate 7.5 per cent, while productivity growth is slowing. The recent balance of payments figures were almost certainly freakish, but there is no escaping the fact that the going will be tougher from here on. Yesterday saw the rate of inflation back on an upward path: in itself this is probably less worrying for the Chancellor than the fact that the Government's earlier success in reducing inflation looks less impressive by the month as other countries like France have leaptfrogged Britain on the way down.

There is also a more fundamental fear in the City that the "retreat" from money supply targets and from over-funding of the public sector borrowing requirement has left British monetary policy far too dependent on the Chancellor's judgment.

ment of monetary conditions and market tactics. Markets detect the short term disease in Whitehall. Some, too, claim that the authorities' intervention in support of sterling could have been better handled.

Whatever the rights or wrongs of the allegation, problems over intervention in the exchange markets are no monopoly of the Bank of England. This week's moves by European central banks to prevent the dollar from sliding further flew in the face of the cardinal rules of the game: always lean with the markets. Here, too, the short term disease is at work, since currency intervention has become a displacement activity for governments and central banks that cannot think what to do about the wider imbalances in the world economy.

## Cardinal rules

One of the key imbalances in the US budget deficit, and on a very long term view the collapse of talks between President Reagan and Mr Corbachev in Reykjavik has dispiriting economic implications. Arms control holds out the hope of more manageable fiscal deficits; and in the absence of agreement two of the world's largest economies (and some smaller ones that are drawn into the Star Wars programme) will see a less efficient allocation of resources because of the distortions that arise from heavy military spending.

In the shorter run the news that the US Congress is ignoring the deficit reduction targets laid down in the Gramm-Rudman-Hollings legislation raises doubts about the willingness of the world's biggest debtor country to put its house in order.

These imbalances help explain why financial markets are so volatile. But their short term obsession also reflects a loss of order in the monetary system. Since the US suspended gold convertibility in the early 1970s, currencies have been anchorless and markets more fragile. They are bound to remain so until the industrialised countries can find a common interest in stabilising the system.

There is not that much that a British government can do about this—though Mr Karl-Otto Pohl of the Bundesbank will no doubt be telling Mrs Thatcher on Monday that membership of the European Monetary System provides a haven of stability in an otherwise uncertain world. But it will do no harm for City financiers, in the week before the Big Bang, to heed Mr Lawson's warning that had blood between industry and finance bodes no good for the economy.

# A concerto for percussion and purse strings

By Antony Thorncroft

THE FOUR major London orchestras—the London Philharmonic, the Royal Philharmonic, the Philharmonia and the London Symphony—have started their new season of concerts on a flat note. Attendances have been disappointing, even for programmes containing works by "popular" composers like Beethoven and Mahler.

Such inexplicable had patches are not uncommon and the orchestras have had many opportunities in recent years to learn how to cope with financial setbacks. More irritating for them has been the recent statement by Sir William Rees-Mogg, chairman of the Arts Council and consequently their leading single paymaster, that he believes the City of Birmingham Symphony Orchestra, under its charismatic conductor Simon Rattle, to be the best in the UK.

The London orchestras feel unappreciated in their own country. On their many sponsored trips abroad they are feted and acclaimed and likened to the great international orchestras of Chicago and Berlin. Their presence in London makes the city the musical centre of the world, with an unparalleled offering both in quality and quantity. But the very existence of four orchestras (no other city apart from Vienna can boast more than one), all of roughly the same standard, irritates the musical establishment. It years for one super-orchestra, commanding the talents of the best musicians in the country.

The London orchestras have been very reluctant to die. Plans by the Arts Council to use its financial weight lavishly to subsidise one at the expense of the others have met solid resistance, as has the more recent idea to send one to Nottingham to serve the musically deprived east of the country. Now Simon Rattle is using his well justified reputation as perhaps the best young conductor in the world to ensure that the CBSO gets more of the Arts Council's limited resources.

Rattle, still only 31, has a contract which runs until 1989, with a two-year option. He has let it be known that he wants to stay with the CBSO, but only if it is securely financed. Another of his dreams, a new concert hall for the city, is

being built, and with the public support of Sir William Rees-Mogg, he is well placed to get the £800,000 in extra cash that he feels the orchestra needs to confirm its reputation.

The London orchestras are cross not only at the thought of a regional rival but because they fear the money for the CBSO will be provided at their expense. In its "Clory of the Garden" proposals of 1984 the Arts Council proposed a shift in resources from London to the regions. But already orchestras like the Bournemouth Symphony and the Liverpool Philharmonic receive £1m a year in subsidy from the Arts Council, over twice the sum given to any of the London orchestras.

And this year, with the demise of the CLC, the Arts Council became the sole source of subsidy for the London orchestras.

The London orchestras feel unappreciated in their own country. They bristle at hearing their provincial rivals—which enjoy higher subsidies—praised to the skies

tras, greatly strengthening its position. In the first year it has made few changes, but when it begins to plan its grants for 1987-88 there will be every incentive for reform. Most vulnerable are the smaller musical ensembles it funds—the English Chamber Orchestra, the Sinfonietta, the Haydn-Mozart Society, and dozens more. Some might receive more aid; a few none at all; some may be deflected to the Greater London Arts Association to look after.

The big four orchestras will all be supported, but there could well be a move away from subsidising them on the basis of

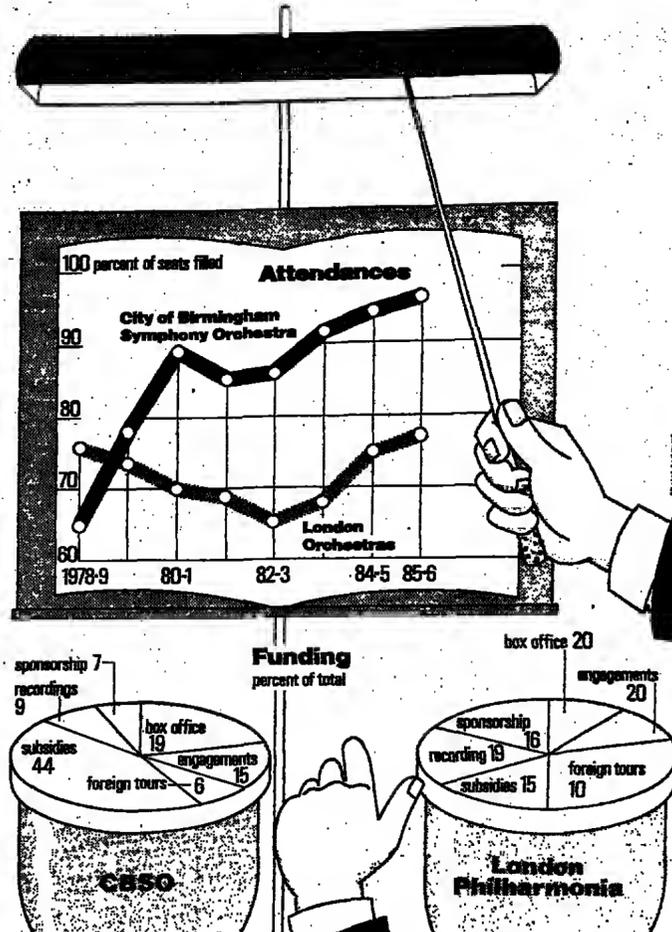
how many concerts they play and towards giving them cash for preparing particularly expensive and interesting programmes. For it is a constant criticism of the London musical scene that there are too many routine, unexceptional, concerts.

This is because the four orchestras have to be cautious and careful to ensure their economic survival. They are now better at operating as small businesses than as groups of musicians. A safe Beethoven programme usually ensures an audience of 90 per cent at the Festival Hall, the showcase for three of them—the LSO is house-orchestra at the Barbican. Even so they would still lose at least £5,000 on such a concert, the deficit made up by subsidy and sponsorship. Anything more ambitious means more rehearsals, usually a smaller audience, and a loss of over £10,000.

This season's programme was planned two years ago during a particularly severe financial crisis and is bland, to say the least. Hence, perhaps, the smaller than expected audiences. For there are signs that the public is now ready for a more challenging musical diet. Simon Rattle, of course, drove home the point by conducting the Philharmonia in an adventurous season of 20th-century French music earlier this year and securing audiences of 75 per cent capacity at the Festival Hall as against the forecast 60 per cent.

But the real force for change in the London musical scene comes from the South Bank Board, which took over the Festival Hall, the Elizabeth Hall and the Purcell Room from the GLC in April. The new artistic director there, Nicholas Snowman, arrived from the Pompidou Centre in Paris as a convinced believer in "festivals," seasons of concerts huilt around a theme, and preferably linked to other artistic activities, such as art shows in the adjacent Hayward Gallery and plays in the National Theatre.

Snowman can do little at the Festival Hall until the start of the 1988-89 season because of forward-looking commitments but he is badgering the London orchestras to take part in five "themed" events in two years' time, including Brahms and Schoenberg seasons, and a devoted to Beethoven in his old age. He has also changed the booking policy so that any orchestra can reserve dates as far ahead as it likes, thus securing the services of the top international artists.



The orchestras welcome the idea of more imaginative programmes (musicians get very bored playing a stock repertoire) but they are worried about where the money is to come from to pay for the extra rehearsals, and to safeguard them against low audiences. The South Bank has agreed to help by using its promotional budget of around £250,000 to sell the festivals, and also by employing a sponsorship director with the task of persuading business to use the festivals for marketing purposes. It is also changing its booking charges for the 25 per cent of "adventurous" concerts in such a way that it will cost the orchestras less if the concerts are poorly attended but the South Bank will gain more if there is a good audience.

The Arts Council has not committed itself to the South Bank initiative, but it obviously complements the council's preferred approach of rewarding the orchestras according to their programme. The day may not be far off when orchestras perform routine concerts without subsidy but will be well financed if they take a risk on the unknown.

All four would welcome a change from the current situation. So precarious are their finances that their members are forced to work more sessions

than any other orchestras in the world; for the RPO and the LSO it means around 650 three-hour sessions a year. Under the current system the more concerts they perform the more subsidy they get, but it becomes a soulless treadmill. The LSO will promote well over 100 concerts in London this year and play in 90 of them.

Economics forces them into such a frenzy. Alternative sources of income are unpredictable. Film work is in decline because costs are lower in Eastern Europe and, while recording contracts can contribute 20 per cent of annual revenue if you have a star conductor (like André Previn at the RPO and Claudio Abbado at the LSO), it is also volatile. Sponsors have to be laboriously cultivated, and this is now a very competitive area. The general managers of the London orchestras are among the best businessmen in the country.

The orchestras themselves are now sizeable businesses. The RPO will have a turnover approaching £5m this season and has just launched its own record label, which should bring in at least £100,000 a year. The LSO has a revenue of £4m and the LPO, which had a surplus of around £200,000 to start the season, is not far behind. By working furiously the four orchestras are just about afloat (the LSO has the largest debts

but its players have covenanted to pay it off at the rate of £50,000 a year).

Coping with such a financial burden, especially at a time when audiences seem fickle, is enough of a challenge for the orchestras; hearing their provincial rivals praised to the sky is too much. They could survive without subsidy but it would probably force them back to an unimaginative repertoire and more engagements backing "pop" groups. The ultimate decision rests with the Government, and the size of its grant to the Arts Council. If it gives "money for growth" above the inflation increase it is committed to, the additional subsidy for the CBSO can be found without hitting the London orchestras. If the grant is below expectations, the London orchestras, not the favourite sons of the Arts Council, could suffer a reduction in subsidy.

Few envisage the demise of a major London orchestra. They have been forced to learn how to survive in a very competitive climate. Perhaps the biggest danger to them is the exciting musical future promised at the start of the 1988 season, when the South Bank embarks on a more adventurous musical policy. Then any short comings will be exposed. In the meantime they will get by, somehow.

## Man in the News

Paul Girolami

# Making Glaxo's team work

By Tony Jackson



"PAUL GIROLAMI," says one City analyst, "is the most underrated manager in British industry."

He is certainly not a self-publicist. This week his company, the drug group Glaxo, produced an extraordinary set of results: profits up by half to over £600m, the company moving from sixteenth ninth place in its industry worldwide, with its main product, Zantac, becoming the highest-selling drug in the world.

But Girolami, a small, wiry man with a mournfully humorous expression, left it to others to bang the drum. In general, one feels, he would rather let others do the talking. And if there is talking to be done, he would far rather it were about Glaxo than himself.

Surely, though, there must be satisfaction for him personally in Glaxo's progress into the big league? Well, of course, obviously, he says, then quickly sidesteps: "the important thing is the way it motivates our people around the world. They get excited when one of our drugs becomes world number one."

A Glaxo man for 21 years—he was before that an auditor, then a management consultant—he tends to speak of "we" rather than "I." Why? "I lead the team, OK, but you can do very little directly on your own. Getting into the US market, for instance, was my idea, but the execution took a lot of people—and a had design can often be made good by hard work in the field."

It is plain, though, that he takes personal pride in the move into the US—effective about five years ago, and a vital aspect of Glaxo's recent growth. "Back in the late 1970s the then chairman told me, 'It's a wild, tough country out there, and if you make a mistake you'll ruin the group. I was young then'—he is 60 now—and I said OK, but if not they'll take us over anyway."

Despite his apparent diffidence, Girolami is a risk taker. It is largely his doing that Glaxo has lately been stripping itself down in a pure prescrip-

tion drug company, at a time when most drug companies around the world have been hedging their bets by diversifying.

Similarly, he is quite happy that Glaxo has far fewer drugs in development than other companies of its size. "When your research throws up new substances, they usually come in clusters. Most companies take three or four of them right through the development process and drop off the ones they don't need at the end. We tend to choose one at the outset. If you're right in that preferred choice, you get there quicker."

In the old days, when Glaxo had developed a new drug it would market it first in the

UK and then turn its thoughts to overseas. "That's terrible," Girolami says. "You lose a couple of years that way. You've got to take a world view from the outset."

This raises an intriguing question. Does it help to have people at the top of a company who have early experience of life abroad? Sir John Harvey-Jones, for instance, ICI's outgoing chairman, spent his early years in India, and his successor, Denis Henderson, was born in Sri Lanka.

Girolami (with the stress on the second syllable) is Italian by origin, born near Venice, Italy, as it happens, is now Glaxo's second biggest market, after the US but ahead of the

UK. His father, a craftsman in mosaics, moved to London when Girolami was two. He is still effectively bilingual in Italian. "I'm a bit rusty, but I've kept it up." And his father, oddly enough, was an international operator in a small way, with family branches in Holland and Frankfurt; "there's still a firm of Girolami & Trilli in Venlo in Holland, where the churches are, though we don't have any interest now."

Internationalism has been essential to Glaxo's recent growth, and on one interpretation the results this week were a model for what British industry should be about in the 1980s—the products of British science, marketed internationally, taking on the world. But

there is of course another view.

This sees Glaxo as just another multinational drug company, making obscene profits from the NHS and the Third World and exploiting the sick and helpless. It is a sinister image, sincerely believed in by a section of the population. Does it bother Girolami?

"Yes, it does bother me, and the staff too. Even more worrying, there seems nothing much we can do about it. Maybe it's an intrinsic part of the industry—it is the sick we're dealing with, and that involves a lot of emotion and political pulls and tugs. The emotion is understandable, and I don't know how to handle it. Maybe we just have to live with it."

Meanwhile, he continues the routine of the international manager—five times a year to Japan, seven or eight times to the US, and a third of his time overall away from home. "I'm not of course. It is, and it doesn't get any better. I've tried all sorts of things—including some stuff I was recommended recently which you put in the bath and inhale to get rid of your jet lag. Of course, it doesn't work."

Japan crops up again in answer to one obvious question: given all the things he has done well, what has he done badly? He has to think about that, but finally "I feel slightly disappointed about Japan. We've done a lot there, but I'd have moved forward a lot faster if I'd known what I know now. I'd have been less inhibited; they have ways of tying you up in knots, and it's a matter of being rude and vulgar and bashing your way through."

Trying though the job may be, he seems to thrive on it. He has lately reduced the retirement age for senior executives from 65 to 60—"older people who've arrived tend to get rigid, and that hocks younger people coming up." There are, he insists, no exceptions to the rule: except—he grins, and offers no excuses—the chairman himself.

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Sour taste at the edge of the doughnut

The too quiet Americans

By David Lascelles

THE AMERICANS have a couple of phrases for it. The first is the "Hole in the Doughnut," coined to describe the vacuum which developed in towns and city centres in the 1960s and 1970s as house-holders, jobs and retailers followed the freeways to the edge of town, and left the middle to rot.

Author William Severini Kowinski, with the pun deeply felt and intended, titled his first book "The Malling of America." In an entertaining and provocative look at American shopping malls, he dubbed them both theatre and prison, a protective controlled environment and an attraction for the criminal, both violent and otherwise.

At the same time he commented on the subsequent desolation of town centres—a prospect which has troubled British authorities in recent years. This week, the British government took aim at one of the alleged causes, or at least symptoms of urban decay, the large out-of-town shopping centre. Mr William Waldegrave, the Environment Minister, said that in future, planning authorities would have to consult the Department of the Environment before approving any development with over 250,000 square feet of retail floor space.

At present, there is a remarkable 27 m sq ft of such "megacentres" in the planning pipeline, representing a proposed investment of £2bn to £3bn. But this is also a new phenomenon in Britain; the 2m sq ft, £200m MetroCentre in Gateshead's Enterprise Zone, built by the Northumberland developer, John Hall, is the first out-of-town megacentre to switch on he Muzak and start trading.

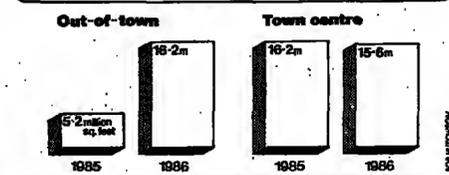
a presumption against development, be it a modest single detached house or a giant megacentre of 1m sq ft. To date, this has not stopped developers and institutions pressing ahead aggressively with Green Belt development plans. Some observers liken the megacentre promoters to wild-eyed drillers, putting in their applications with the hope that one out of 10 may strike oil. Others have noted planning authorities giving permission to some retail planning applications on the grounds that the public inquiry costs would be too big a financial risk for the public purse.

Multiple applications have included the "Golden Triangle" site at Bricket Wood, Hertfordshire where Town & City Properties (Development), part of Sir Jeffrey Sterling's P & O Group, has put in three bids to develop land bounded by the A405, M1 and M25.

From the shopping and leisure complex of 500,000 sq ft planned in mid-1985, the scheme was enlarged to 3m sq ft of shopping, and 5,500 ground-level car spaces; as a result, the open portion of the site fell from nearly 50 per cent of the total—originally pencilled in as a country park—to relatively negligible proportions.

This planning authority, St Albans, was fiercely opposed to the original retail planning application. This went to a public inquiry (still pending), because the local authority did not make a decision within the statutory eight-week period. Meanwhile, in Bromley, Kent, on the opposite arc of the M25, another megacentre has been proposed by Prudential Assurance, Britain's biggest institutional investor. Only last week, it deposited a planning application with Bromley Borough Council and Sevenoaks District Council for a 900,000 sq ft shopping park at Junction 4 of the M25, near Orpington.

This project has been named Hewitts Park. It takes its name from the famous Hewitts Farm "Pick Your Own" fruit and vegetable centre, part of which provides the site for the proposal. New roads have brought places like Guildford, Surrey, and parts of Essex, within 40 minutes' driving time.



"You can get anything from diamonds to yogurt in the mall; you can attend college classes, register to vote, go to the library, see topless dancers and male strippers, give blood, bet, score, jog and meditate, and get a room or a condo and live there."

the site—the rest, including a recreational park, "aimed at promoting and maximising public enjoyment of the green belt." So what does the Pru think of Mr Waldegrave? "We wholly support the Government's stance on green belt conserva-

tion," says Mr Michael Mallinson, the Pru's top property investment man, but adds: "We believe that our proposals at Hewitts Farm will considerably enhance the green belt rather than detracting from it."

Mr Edward Whitefield, a long-time retail analyst and founder of Management Horizons, which specialises in improving retail profitability, said this week that he would be very surprised if Mr Waldegrave's speech caused the Pru to withdraw from this application. There is a case, he thinks, for a limited amount of retail development outside existing urban centres.

He thinks that London suburbs like Kingston and Croydon are seeing a much higher level of demand than their retailing space can cope with. "They should either allow additional space, improve access, egress and parking, or allow smaller centres on the periphery of their catchment areas to take up the surplus retail traffic—which is, in fact, congesting the centre," he maintains.

The stakes, however, are high. Mr Whitefield estimates that Kingston could lose up to 20 per cent of its retail trade if a 1m sq ft plus scheme by London and Edinburgh Trust, at nearby Hook, Surrey, was allowed to go ahead.

He thinks, on the whole, that Mr Waldegrave's measures are "great news—they'll take the steam out of the arbitrary, almost casual free-for-all of retail planning applications which have been landing on local authorities throughout the country."

Mr Derek Whittaker, the Alliance leader of St Albans council, heartily concurs. "This is the best ministerial statement I've heard in years," he says, "as long as they stick to it. We would look at the Golden Triangle site as the first big test for this leg of government policy."

St Albans, meanwhile, has been doing its best to preserve its retail trade. "Our biggest priority has been to improve car parking and traffic flow," says Mr Whittaker. Kingston, too, is busily enlarging car parks and re-routing traffic. Another potential megacentre at Watford, is also helping itself with a link road into the M1 motorway. It has joined with the Sun Alliance Insurance Group and top retail developer Capco & Counties to put a £100m, 500,000 sq ft shopping centre in the heart of the town. Capco, which has led its reputation as a shopping centre

developer all of ten years ago (a long time in this world) with the completion of its highly-praised 780,000 sq ft Eldon Square centre in Newcastle upon Tyne, is now expanding to deal with the threat of the MetroCentre at Gateshead.

Mr John Abel, a director of the company, says Capco is not promoting any out-of-town centres on green belt land. "We've taken this view for commercial reasons," he says. "The chances of success are low, and it would be very expensive to fight a public inquiry." Unlike some of the newer property development companies, Capco has its retailing reputation already made.

In the case of Watford, a key weapon in the town's defence of its retail base is a plan to relocate and expand the local branch of the John Lewis Partnership. The Partnership is regarded as one of the top names in retailing, a prime "anchor tenant" for the shopping centre. The Americans call them "belt cows," meaning that they bring the other tenants in.

Mr Stuart Hampson, the Partnership's director of research and expansion, argues that some town centres simply cannot cope with the expansion and general improvement in retailing capacity which successful retailers are demanding. Historical centres like Canterbury, York and Chester, he says, are particularly limited in their ability to accommodate demands for extra space.

However, like many of the retailers, developers and investors involved in the retail property business, he is very pleased to see the promise of greater central government control.

Like most of the established players in this game, the Partnership has a big financial stake in urban retail property, as well as a strong conscience on the question of urban decay.

Like the Pru and Marks & Spencer, John Lewis wants what it sees as a balanced policy of retailing development, with limited amount out-of-town retailing to ease the agony out of town centre shopping. Mr Waldegrave would probably go along with that.

IT IS an astonishing thing about the US—the very citadel of capitalism—that the interests of shareholders in public companies should be so easily tampered on. Or more accurately, that shareholders should allow themselves—should at times even vote—in be turned into doormats.

In few other countries which claim to operate a capitalist system does the right of management to entrench itself and protect itself against attack and change go so widely unchallenged. It was in the US that such ingenious devices as the Golden Parachute and the poison pill were invented. And it was in the US that corporate raiders have concocted a whole medicine cupboard full of "poison pills" and other repellents which companies can swallow to make themselves less attractive to predators. And it was in the US that they are taken over, all the best bits have already been lopped off.

It is there too that no fewer than 31 state governments have gone so far as to ban or pass laws which actually forbid companies in their territory being taken over by hostile forces from out of state.

To an extent, this readiness to protect management against change is understandable; not all takeover activity is desirable, particularly of the highly predatory kind financed by excessively "innovative" techniques. Politically, too, it is understandable that state governments should wish to curb takeovers which would lead to "rationalisation" and sweeping job losses. But not to the extent that virtually every major corporation in the US has now actively considered if not obtained the approval of its shareholders for measures which insure managers' jobs.

All this suggests that US shareholders must be a pretty quiescent bunch—at least the bulk of them—and that they feel most secure with the

management they know and trust, even if it is plainly doing only a mediocre job and adding precious little to the share price. This view must be reinforced by what has recently happened at BankAmerica, the No 2 US bank. The institution has been bleeding with hundreds of millions of dollars of loan losses for several years. But it was only last week-end that Mr Sam Armacost, the president, and Mr Leland Prussia, the chairman, left positions they had held since 1981.

More astonishing still, in many people's eyes, was the board's choice of their successor: Mr Tom Clausen, the very man who is widely thought to have caused BankAmerica's problems with the aggressive growth policies he pursued when he was previously president of the bank in the 1970s.

Mr Clausen may, of course, manage to straighten BankAmerica out. But the combination of the delayed action with this surprising and widely criticised choice must pose the question of how well the bank's shareholders are being served to represent their interests.

The board is, to put it mildly, in a weakened state. Resignations have reduced its strength from 28 to 18 members. The last 18 months. The directors who have stayed are mostly elderly retired businessmen from California (BankAmerica's home state) whose average age is 67 and whose proclivity must be not to rock boats.

Although it may be hard to entice new members on to the board at a time when the bank's troubles could trigger lawsuits against directors, the episode seems to be a telling commentary on the passivity—or is it patience?—of US shareholders. But if there are satisfied, one sympathises when they have done a little to yield their rights in the past? They could start by demanding the right to vote on the takeover offer from First Interstate Bank of Los Angeles which Mr Clausen has already rejected.

Knee-jerk response

From the Director, British Management Data Foundation.

Sir—It is a matter of regret that we seem unable to move away from the traditional "knee-jerk" response of raising interest rates whenever there is an over-reaction against sterling in the markets. Exchange rates are trading rates not virility symbols. We need competitive rates if we are to prosper. We have a floating exchange rate and we should use it to our advantage.

If I might add a footnote to my letter of October 14, we need, both in industry and in Government, to have a positive and constructive approach to our problems. It was the negative approach of the Treasury endeavouring to restrict company profits at which my letter was aimed. Incidentally, in my final paragraph there was a misprint—healthy profits are intended to enable adequate investment in training and R & D (not trading and R & D as printed).

Many companies are now putting in more money and effort into these areas—we need a fiscal climate that helps this process not hinders. Anthony Cowgill, Selwyn House, Cleveland Road, SW1.

No cause for panic

From Mr K. Gardiner

Sir—Hugon Dixon ("Cause for anxiety, not panic" October 16) is correct in suggesting that personal assets are unevenly distributed. Many households are net debtors; fewer are net creditors. This does not, however, mean that the personal sector as a whole is overburdened. The figures which Mr Dixon shows in support of this proposition are constructed on an unusual basis he compares net assets with gross debt. Clearly, if you count debt enough times it will exceed any level of assets.

Comparing like with like, the aggregate picture is less alarming. As recently as the first quarter of 1986 (the most up-to-date comprehensive figures available) personal holdings of money and building society accounts still exceeded comfortably the sum of bank lending, H.P. advances, and all mortgages outstanding. If non-liquid assets are taken into account—such position is still less gloomy.

If there is a problem, it is not that the sector is in any meaningful way insolvent, nor even illiquid, despite the recent rapid growth of consumer borrowing. Aggregate personal spending is adequately backed by substantial assets but the goods which people

Letters to the Editor

come from overseas rather than UK production. The healthy personal sector throws into sharp relief the ailing UK balance of payments, and concern would be more usefully directed at industrial performance than at the rapid rate of growth in a financial aggregate which, taken in isolation, can be as meaningless as all the others.

Kevin Gardiner (Economist), Rows and Pitman, Mullens, 1, Finsbury Avenue, EC2.

Benefits of BES

From Mr R. Flanagan

Sir—I refer to the Lombard column (September 28) and subsequent correspondence from Messrs Fry (October 1) and Anysz (October 9) regarding the effectiveness or otherwise of the Business Expansion Scheme. It is a pity that Lombard concentrated only on the large scale issues under the BES.

In 1983/84, BES finance was secured by 715 companies including 44 which raised more than £500,000 each. No fewer than 485 firms raised less than £100,000 each, ie 69 per cent of the firms accounted for just 13 per cent of the total funds raised. A classic case of "trivial many" and "significant few," or is it?

The Peat Marwick report on the BES examined the "additional" of finance and employment. Their survey of firms which received BES funding indicated that there was very significant finance additionally for firms raising up to £100,000 and that additionally was very much lower for firms raising larger amounts. Finance additionally referred to the extent to which firms would have been able or unable to raise funds in the absence of the BES.

Extrapolating its survey results, PM estimated that even though firms raising less than £100,000 accounted for only a fraction of the total BES funds, they represented 50 per cent and 65 per cent of the total additional turnover and employment respectively generated by all firms in receipt of BES finance. Surely this is a case of the "significant many."

Lombard's concern about the use of the BES for large fund raising operations is completely supported by the report. It indicates that the cost to the

Exchequer of jobs created by firms raising £250,000 or more averaged £24,100 per job as compared with just £2,200 per job for firms raising less than £100,000.

There exists a strong argument to introduce a maximum ceiling for BES funds raised by any single company in one year. Mr Anysz suggests £1m, but I would go as low as £250,000. Alternatively a system of tapering tax relief could be introduced which would depend not only on the tax position of investors but also on the level of funding secured by investee companies. While the amount raised by the BES would be substantially reduced, most of the benefits would be retained.

Brian Flanagan, Invest-Tech, 24, Fitzwilliam Place, Dublin, Ireland.

Targets for pensions

From Mr M. Meacher, MP

Sir—The Labour Party conference passed a resolution committing the next Labour Government to aim at pensions at the level of one-third of average earnings for a single person and one-half for a married couple. Mr Major, the Government spokesman at the Tory Party conference (October 8) said this could cost £18bn. Election hysteria has obviously already begun in earnest.

Both Ron Todd in moving the resolution and myself in replying, made crystal clear that there was absolutely no question of achieving this immediately. It can only be achieved as fast as economic resources permit. But we do believe this target is practicable.

For someone retiring this year on average earnings, the SERPS addition to the basic pension is £16 a week. By the end of the first five years under a Labour Government, such a person should comfortably have exceeded the target of one-third (if single) or one-half (if married) of average earnings. For those already retired we will examine ways of bringing them into the SERPS scheme through some form of crediting for older pensioners.

ponent and other sources of income. The net cost is therefore a mere fraction of Mr Major's ludicrous fabrication.

A significant part of the cost is anyway already covered by Labour's commitment to pay, as a priority, a £5 per week increase for single pensioners and £8 per week for married pensioners.

Instead of trying to make cheap political capital out of a commitment to provide decent pensions in this country, the Tories ought to be ashamed that in Britain the single pension under their Government is worth precisely 20 per cent of national average earnings, while in Germany it is worth 50 per cent, and in France 60 to 70 per cent.

Engineers' views

From Mr W. Wilson

Sir—It was good to see (October 8) an eminent and successful engineer, Sir Christopher Cockerell, expressing an engineer's view on the safety of nuclear power stations. His considered opinion carries a great deal more real weight than any amount of uninformed protest and I suggest probably has more validity than a scientific opinion. In my view the engineer is the best technical assessor of what is currently possible; that in many respects is his function. It can be argued that the scientific view relates more fundamentally to what is in prospect tomorrow.

My engineering instincts are entirely aligned to Sir Christopher's arguments which are doubly cogent in the consideration of pressurised water reactors. It may just be, however, that continuity of supply, conservation and economy in might show some virtue in magnox reactors—now 25 faultless years old—units which, I seem to remember, are encased in thick steel shells and concrete boxes capable of withstanding any likely rise in pressure and provided with considerable shut-down and safety control devices and systems. Practice and reason and mass fear of the unknown will make a Government decision in favour of the PWR at Sizewell foolishly, politically. Indeed I am greatly surprised that it has not already been consigned to the shadows, par-

ticularly as there are many practical relevant things still to do in the realm of conservation, alternative sources of energy, improvements in the use of fossil fuels, application of combined heat power stations and so on. And perhaps the creation of a (mostly economic and technological) national body, independent of government, capable of assessing demand, supply, trends and options, reporting at regular intervals to the nation on the options in front of us, and in what direction we might reasonably head.

W. L. Wilson, 24 Chestnut Avenue, Chorleywood, Herts.

Not a new bottling

From Mr E. Penning-Roswell

Sir—Being abroad, I have been unable until now to reply to Mrs I. Haag's letter (September 20) in which she stated that recently the British wine trade had introduced "quietly—even aly"—the sale of red wine in 0.70-litre bottles.

This is not the case. In fact the smaller-size bottle was introduced, largely by the supermarkets and convenience chains, in the 1960s for fortified wines in an attempt to show that sherry and port were less expensive. Some traditional wine merchants continued to sell these wines in the 0.75-litre bottles but in the face of the competition had to abandon these, at least for wines bottled in this country. The adoption of the 0.70 litre bottle for table wine followed soon after and is not a recent introduction. For many wine merchants this has been regrettable, not least because it leads to confusion on their lists. In these, however, more often than not they have clearly indicated the difference from the traditional 0.75 litre and they welcome the FEC decision that from May 1988 only 0.75 and 0.375 halves bottles may be filled.

Edmund Penning-Roswell, c/o Braehen House, Cannon Street, EC4.

Over a barrel

From Mr B. Baboulene

Sir—Mr P. Rowe's response (October 13) to Mr F. V. Mills (October 6) is quite irrelevant. We are talking about blue-chip and other firms which are not the slightest credit risk but which as a matter of petty delay payment to a mass of small firms in order to boost their own cash flow, often hide behind "the computer" as an excuse.

The small man is over a barrel, for he is naturally reluctant to risk a strike, his large employer by banning him. B. Baboulene, 10, Richmond Avenue, SW20.

ADVERTISEMENT

Table with columns: Product, Applied rate, Net, Interest, Minimum balance, Access and other detail. Lists various investment products from Abbey National, Aldi Thrift, Alliance and Leicester, Anglia, Barclays, Birmingham Midshires, Bradford and Bingley, Bristol and West, British, Cardiff, Catholic, Century, Chelsea, Cheltenham, City of London, Coventry, Frome School, Gateway, Greenwich, Halifax, Home Invest, Herts, Lambeth, Loughborough, Leeds and Holbeck, Leeds Permanent, London Permanent, Mornington, National and Provincial, National Westminster, Newcastle, Northern Rock, Norwich, Nottingham, Peckham, Peterborough, Portsmouth, Property Owners, Regency, Scarborough, Skipton, Stroud, Sussex County, The City, Town and Country, Wessex, Woolwich, Yorkshire.

# Nikki Tait assesses Hillsdown's £154m placing with clawback Shape of fund-raising to come

ALL MANNER of vendors will be at the London stock market after October 27. But Hillsdown's £154m placing is expected to be a major event. The company is expected to raise more cash, a traditional rights issue could have posed problems. In the words of Mr Harry Solomon, joint chairman, "If we didn't take up our entitlement, the share might have floated around with nobody quite sure who would."

The alternative was a US-type bought deal where one of the new-style investment banks would have bid for all the new shares and then distributed them to clients fellow-banks. It was given a long hard look by Hillsdown and its advisers Kleinwort Benson. By allowing an auction for the shares, Hillsdown could probably have raised its money closer to the pre-announcement share price of 220p, rather than the 200p-plus level.

But the new shares could have been concentrated in relatively few, and not necessarily friendly, hands.

Hillsdown seems to have trod the compromise route. By guaranteeing that the directors would not attempt to claw back any shares, it has managed to

Company	Activity	Price	Date
Chromo-Tyler	furniture maker	£4.25m	Aug 85
Pike Holdings	catering butcher	£17.4m	Oct 85
Newsdays	confectioner	£3.5m	Nov 85
Agricola Pharmacia	agricultural holding	£10m	June 86
Stearns	dog show maker	£4.6m	June 86
John Brown Holdings	meat supplier	£2.7m	July 86
Norrie Deane Meat	meat processor	£3.1m	July 86
May & Maxwell	timber merchant	£14.1m	Aug 86
Meadow Farm Produce	meat processor	£62m	Aug 86
Blue Bird	confectioner	£4.1m	Sept 86

But having given the company a post-Big Bang date in the queue, the Bank appears to have become nervous about the number of calls on a currently shaky market which would coincide with British Gas's 25th flotation in November.

The £154m which rolls into Hillsdown's coffers offers a host of new possibilities. The company's determined trek down the acquisition road, it has bought 27 companies already this year, seek net debt to £148m by September. That compares with shareholders' funds of £164.3m at the last (end-1985) balance sheet date. Although profits have boosted shareholders' funds since then, gearing seems to have been running at about 70 per cent.

The placing cash will completely clear the debt. Moreover, six weeks' evening on

interest charges will chip in more than £1m towards the 1986 profits total. With that in mind, Mr S. Solomon was yesterday able to predict profits of not less than £20m before tax in the current year against £33.4m last time. Even allowing for the interest benefit, that is some £2m higher than many analysts expected.

What impresses Hillsdown followers is the amount of growth which the company manages to squeeze out of existing businesses. The organic rate of growth in first half trading profits was 39 per cent, and analysts expect little change in the second half.

So far, Hillsdown has been hyper-active in smaller deals but aside from brief forays into the S. and W. Berisford battle when it bowed out within two months by withdrawing its bid and selling its 14.7 per cent stake to Ferruzzi, the Italian food conglomerate, it has not tackled the mega-bid field.

According to Mr Solomon, "We certainly wouldn't be frightened. It's a question of timing and price."

So where might its attentions focus? One common favourite among analysts is Dalgety, the food and agriculture group, whose 1985-86 figures showed pre-tax profits just £2.7m higher at £7m, with heavy extraordinary losses following the collapse on the international tin market. In addition to overlapping interests, Dalgety has sizeable businesses in fields which Hillsdown is quite openly anxious to build up.

# Bibby offshoot in £12m buyout

J. Bibby and Sons, the industrial and agricultural group, yesterday sold its 85 per cent stake in Furmanite International, the service and maintenance company, to a management buyout team for £12.2m.

Bibby, an arm of the South African conglomerate Barlow Rand, said Furmanite no longer fitted into its development strategy. Initially the money would be used to reduce group borrowings but in the long term it would fund acquisitions.

Furmanite, which provides a leak sealing and repair service to the nuclear, oil and petrochemical industries, showed a pre-tax loss of £200,000 on turnover of £24m in the eight months to end May 1986. Its net assets are valued at £3.4m.

The 27 members of the management buyout team are investing £5m for an initial stake of 25 per cent. The rest of the purchase price is made up of preference and loan capital of £2m to be retained by Bibby, bank loans and overdrafts of £3.2m, and £6m to be syndicated by CBN Industrial Investments, 3i and MIM Development Capital.

The deal will be effective from the end of last May. There will be an immediate payment of £9.9m cash, the issue to Bibby of £1m of 6 per cent net cumulative preference shares and £1m of 12.5 per cent secured loan stock and £300,000 in cash in the three years from completion.

Bibby's shares closed unchanged at 225p.

Mr Alan Forsyth, managing director of Furmanite, founded the company in 1967. When Bibby bought its stake five years ago he retained the business. Under the deal he will assume the chairmanship and increase his stake.

In recent years Furmanite has suffered because of the decline in oil prices. The US arm, which accounts for about 80 per cent of the company's business, has been particularly badly hit because the refining industry accounts for a significant part of its business.

Mr Forsyth said yesterday he was confident about Furmanite's prospects. Services were being expanded in the US and Britain and the company was concentrating efforts to build increasing markets in the growth areas of Europe and the Pacific Basin.

# Turner & Newall and AE suspend shares pending Panel ruling

Both Turner and Newall and AE suspended their shares yesterday pending publication of a statement by the Takeover Panel.

If there is an appeal it will be heard probably next week by the Panel's appeal committee which is chaired by Sir Henry Fisher, the retired judge.

If there is not an appeal, Turner is allowed to bid again. It will be in a strong position to take control as it already owns just under 30 per cent of AE.

The counter-appeal by AE advisers Hill Samuel that "associates" of Turner had been buying AE shares at above the cash alternative was rejected by the Panel.

The Panel enquiry has centred upon the acquisition, in the days before the end of the bid, of several million AE shares which, after lapsing, were sold at a considerable loss. If AE had promised to indemnify the buyers of those shares against the loss then it ought to have made that public. It appears that the buyers of the shares were one or two very large companies.

AE was suspended at 219p, T&N at 177p.

# Davies & Newman sees second half rise

THE DAN-AIR operation was expected to make a satisfactory contribution to the results of Davies & Newman (Holdings) for 1986.

While the difference in trading conditions in the airline between the winter and summer period continued to widen, the group's customary first half loss showed a slight reduction from £3.58m to £3.48m.

In his interim report, Mr F. E. Newman, chairman, said Dan-Air showed little improvement over last year, but there was an upturn in the spring which had been maintained throughout the summer.

There had been a high level of activity in the inclusive tour market throughout the peak season, he said. An Airbus had been added to the fleet.

On the other parts of the group, Mr Newman said shipping, tanker chartering, and ships agency produced satisfactory results.

In the associates, Gatwick Handling operated successfully but it was necessary for a substantial cutback in Don-Smedvig because of the changes in the oil industry. The associates' profit for the period fell from £37,000 to £194,000.

Group turnover for the half-year moved up from £123.27m to £131.53m, with the operating surplus coming through at £7.23m, against £5.55m. But aircraft charges were up by £1m and net interest charges by £350,000.

After a tax credit £126m (After the loss per share was shown to be 31.6p (29.5p), and the interim dividend is held at 3p net. For the whole of 1986 the group produced a pre-tax profit of £1m and earnings of 6.9p, and paid a total dividend of 10p.

# Standard lifts stake in Mocatta

Standard Chartered is to increase its interest in the Mocatta metals companies, in which it already has an 80 per cent stake.

It will raise its holding in Mocatta Holding Company and Mocatta Overseas to 100 per cent, and in Mocatta Metals Corporation to 95 per cent. The cost is \$61.3m.

The 5 per cent minority in Mocatta Metals will be held by Dr Henry Jurek, the manager of the Mocatta companies, but may be purchased by Standard later on.

# LAIT up and calls for £2.6m

London and Associated Investment Trust, the property and investment group, yesterday reported an increase in pre-tax profits from £193,000 to £240,000 for the six months to end June 1986 and proposed a one-for-one rights issue to finance its expansion.

The issue is of 19.3m ordinary shares at 14p a share and will raise about £2.6m after expenses. Mr Michael Heller, chairman, and Prudential Assurance have undertaken to subscribe for 13.5m of the shares, and the rest of the issue will be underwritten.

LAIT said it had significantly expanded its property activities and its commercial property portfolio had recently been increased by the acquisition of a freehold shopping parade of 13 units in the Midlands.

In the first half, group turnover rose from £418,000 to £457,000 and earnings per 10p share rose from 0.73p to 1.03p.

# Mecca offer for sale is 11 times oversubscribed

Mecca Leisure, the entertainment group, has received an unexpected strong response to its offer for sale. About 45,000 applications were received for over 300m shares, so with only 26m on offer of 135p a share, the issue was subscribed nearly 12 times.

The 565 employees who have been employed for just over 18 months will have their applications met in full, but applications from the public will be met with a combination of balloting and rationing.

Those applying for 100 to 2,000 shares will go into a ballot with a 50 per cent chance of success. Winners who applied for 100 to 1,000 shares will receive 100, and winners who applied for 1,100 to 2,000 shares will receive 200.

All those who applied for 2,500 to 2m shares will get 9 per cent of the number sought, and all those applying for over 2m will receive 215,000.

The good response to the offer means that some market makers are forecasting a higher premium than the 10p to 15p originally expected when dealings began next Thursday.

Two USM stocks had differing reactions when dealings in their shares began yesterday.

Ryman, the high street stationery chain headed by Mrs Jennifer d'Albo, ended at a discount of 8p to the 110p striking price set on its offer for sale by tender. One jobber said there was a feeling that its trading record did not justify the hype that had accompanied its flotation.

However, Interlink, the overnight parcel distributor which came to the USM through an offer for sale three times subscribed, closed at a premium of 13p to its offer price of 185p.

The company had attracted a favourable reception because of its perceived strong growth prospects.

New Issues Round-up, Week-end, Page V

# Bell Resources raises stake in Morgan

Bell Resources, part of the business empire of Mr Robert Holmes à Court, the Australian businessman, yesterday bought more shares in Morgan Crucible, the British industrial components group, to take its holding to 20.3 per cent.

These share purchases came the day after Bell's tender offer for a further 10.5 per cent stake in Morgan succeeded in netting only 6.4 per cent of Morgan's shares. Bell originally held a 13.5 per cent stake in Morgan and the tender took its holding to 19.9 per cent.

Morgan's shares were re-listed yesterday following Thursday's suspension at 315p and rose to 320p—the maximum price set in the tender offer.

Bell had earlier indicated to Morgan that it wanted to take its shareholding to more than 20 per cent so that it could treat it in its accounts as an associate, taking in 20 per cent of its profits rather than just dividend payments.

# BET raises £60m with bond issue

BET, the diversified services group which recently acquired HAT Group and Erengron, yesterday made its debut in the Eurobond market with a £60m bond convertible into the company's shares.

BET will be using the proceeds of the issue, which comes in the wake of a £150m sterling commercial paper programme arranged last May, to refinance part of its existing bank debt.

Mr Nicholas Wilt, the company's chief executive, said the bond was also intended to enhance awareness of BET's name among international investors.

Final terms are not yet fixed, but investors should be able to convert the bond, which should pay a coupon of 8 per cent, into BET shares at a premium of between 4 to 8 per cent. Investors will be able to put the bond in the first year at a premium to yield in the range 10 to 11 per cent.

Credit Suisse-First Boston, which led the deal with Baring Brothers, reported encouraging early demand from Swiss investors. The issue traded yesterday at around 102, as against a par issue price.

# Lee Cooper behind £1m as sales volumes dip

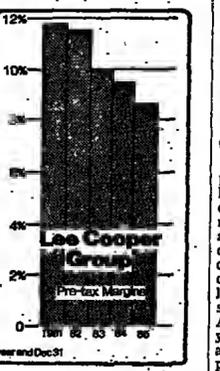
PRESSURE ON margins as well as a drop in the volume of sales hit the first half of the Lee Cooper Group, and its pre-tax profit fell by £1.04m to £5.95m.

Lord Marsh, chairman of the jeans and clothing group, said trading conditions were difficult, and there was "no evidence which would suggest any dramatic improvement in the immediate future."

Sales proceeds of Lee Cooper brand goods were only ahead by £2.58m to £47.2m, but overall turnover this time was bumped up by a further £9.69m from the three acquisitions—Luna-bond Group, Otto Albert Group and Reno Sportswear.

The new companies made only a minimal contribution to profits, said Lord Marsh. But they would help to reduce the group's overall exposure to fluctuating exchange rates and he expected them to make a positive contribution in the second half.

At the net stage the profits rose to £2.37m (£2.28m) and earnings to 15.25p (14.7p). Shareholders benefit by having their interim dividend lifted to 1.6p net (1.4p).



# Exco directors share sale

FOUR directors of Exco Inter were sold on Thursday at national, the financial services 250.66p each.

Mr John Moreton, another subject of his speculation in director sold 200,000 shares at £250.66 each, it was announced yesterday. This prompted a 12p fall in Exco's share price to 248p.

Mr Bill Matthews, managing director, sold 100,000 shares, Mr Richard Worthington sold 770,000, and the remainder will be satisfied by £165,000 cash from another director, Mr Michael Hume, has an interest 389,000 shares, of which 328,000 sold 400,000. All these shares are being placed.

# Arlington Secs confident

In their interim report the directors of Arlington Securities expressed confidence that pre-tax profits for 1986 will "comfortably" exceed £5.15m forecast in the prospectus.

The company is a property developer, specialising in business parks. Its shares were offered for sale in May at 115p each.

For the first half of 1986 turnover fell from £9.43m to £5.1m and gross profit from £1.22m to £1.1m. But operating expenses were cut to £235,000 (£1.23m) and there was an interest credit of £99,000 (charge £74,000). This left the pre-tax balance at £282,000, compared to a loss of £188,000.

The directors confirmed that the greater part of profits would be earned in the second half. For the whole of 1986 the company finished with a profit of some £3m.

An interim dividend of 0.7p net is declared, payable on the 4.2m shares to be issued shortly as consideration for the acquisition of two 20 per cent interests

# J. O. Walker growth

Although held back in the opening quarter, J. O. Walker, timber importer, produced a first half profit of £37,000, compared with a previous loss of £95,000.

They decided to double the interim dividend to 2p net per share.

Turnover in the first half came to £5.94m (£5.5m). Tax took £16,000 (credit £29,000) to leave earnings of 2.6p (loss 7.1p) per share.

In the Birmingham Business Park will not qualify for the payment.

Arlington had received planning consent for up to 2.4m sq ft of mixed use premises on 148 acres of Birmingham, and was proceeding towards the development of the Park.

In pursuance of increasing the retail development portfolio, Arlington had recently started the initial stages of several retail schemes. Included were the redevelopment of Whiteleys in Bayswater, London, where detailed planning consent had been obtained.

# Scot Metropolitan

Scottish Metropolitan Property, the property investment company, raised pre-tax profits from £6.73m to £7.07m in the year ended August 15 1986. A final dividend of 2.45p (2.3p) is proposed making a total of 4.25p (4.0p).

Gross rents receivable totalled £8.33m (£8.73m) while rents payable on leasehold properties were £258,000 (£249,000); other property expenses were £344,000 (£374,000). Tax took £2.54m (£2.48m) leaving stated earnings per share of 4.87p (4.38p). Net asset value at the year end was 110.5p (111.7p).

# Jenners setback

The lack of tourists, particularly American, and the very poor spring fashion season combined to hit Jenners, Princes Street, Edinburgh, the department store. In the half year ended July 31 1986 sales came to £8.21m, against £8.2m, but profit fell from £512,000 to £131,000.

Since August sales had been increasing again, the directors stated. The outcome for the year depended very much on the Christmas season, but they were confident of another satisfactory year and are holding the interim dividend of 10p net per share.

Profit for the year 1985-86 was £1.35m.

# I.G. INDEX

FT for October  
1,379-1,285 (+31)  
Tel: 01-828 5699

Company	Current payment	Date	Corre-Total	Total
Arlington Secs	0.27	Nov 28	nil	0.27
Ben Bailey	0.7	Dec 15	1	1.7
British Dredging	1	Dec 15	0.7	1.7
Comp's Fin'cial Int.	10.8p	Feb 1	3	13.8
Davies & Newman Int.	3	Nov 28	1.25	4.25
Global Group	1.75	Nov 28	1.25	3.0
Givett Oriental	1	Nov 28	1.4	2.4
Lee Cooper	1.6	Nov 28	1.4	3.0
London & Ass. Inv. Int.	0.15	Nov 28	2.3	2.45
Scott. Metro. Prop.	2.45	Jan 6	1	3.45
J. O. Walker	2	Jan 6	1	3

# Coalite/Hargreaves

Coalite, fuel distribution company which is engaged in a £28m bid battle for Hargreaves Group, confirmed yesterday that its advisers, Morgan Grenfell, bought 435,000 Hargreaves shares on Thursday. The purchases—equivalent to a 1.2 per cent stake—were made at 270p, the level of Coalite's cash offer.

This brings the total number of Hargreaves shares which Coalite either owns or has pledged to 2.35m, or 6.51 per cent.

# COMPANY NEWS IN BRIEF

**STODDARD (HOLDINGS)**—Mr G. D. J. Hay, chairman, told shareholders that the first half of the current year had seen a continuation of the recovery. Sales had been running ahead of plan and last year's concentration on product profitability had meant that profit was also ahead.

**SMALLER COMPANIES** International Trust raised net asset value per 25p share from 82p to 104p in the year to September 30 1986 after deducting prior charges at par. Net profits for half year to end-September were £25,000 (£38,000). Earnings 0.25p (0.4p). As indicated, no interim being paid. Earnings will be paid in one dividend following AGM. Interim last year 0.5p and final 0.9p.

**ALUMASC GROUP**—At the age Mr John McCall, chairman, said sales and profits for the first quarter were usefully ahead of last year and order books were satisfactory. Expenditure was likely to exceed £2m this year and the next and was expected to be financed from within the group's own resources.

**POSTLAND HOLDINGS**, time-stone and cement products, raised turnover to Zimbabwe £34.1m (£14.5m) and pre-tax profit to £5.25m (£2.22m) in the year to August 31 1986. Comparative figures were £22.15m and £920,000 respectively. Earnings per share 18.1p (14p). Final dividend 7.04 cents, making 9.04 cents (nil).

**IMPERIAL CHEMICAL INDUSTRIES** has paid an undisclosed price for Interplastic-Work, an Austrian manufacturer of plastic sheathings and PVC, in a deal which has been under discussion for 18 months.

**RIVLIN'S** bid for Marlborough Property Holdings has been declared unconditional in all respects following acceptance of the offer by holders of 29,832,111 Marlborough ordinary representing 86.46 per cent of the equity.

**ZAL HOLDINGS**, a subsidiary of Zambia Consolidated Copper Mines, has taken over Stalms, the Ashford-based pre-cast on-site concrete company.

**ERENAT CHEMICALS INTERNATIONAL** has acquired Joachim Dyes Lackfabrik—a move approved by Brent's shareholders at an extraordinary general meeting.

**HUNTERPRINT** has won the contract to print the weekly colour sections of "News on Sunday", due to be launched in the spring of 1987. The contract will boost Hunter-

## GRANVILLE

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High	Low	Company	Price	Change	Yield	P/E	Fully
146	112	Ass. Int. Ind. Ord.	133	-	7.7	5.5	2.1
161	121	Ass. Int. CULS	130	-	10.0	7.7	-
125	43	Astronora Group	37d	-	7.8	7.8	6.0
46	28	Armstrong Rhodes	37d	-	4.2	11.4	5.2
196	108	Bardon Hill	196d	+1	4.5	2.3	20.4
83	42	BCL Technology	83	+1	4.3	5.2	8.8
201	75	CCO Ordinary	95	-	2.9	3.1	6.7
152	85	CCL 11pc Conv. Pl.	89	-	15.7	17.6	-
263	80	Carborundum Ord.	253	-	9.1	3.5	12.2
94	83	Carborundum 7.5pc Pl.	81	-	10.7	11.8	-
146	46	Cashel Services	146	+2	7.0	4.8	15.2
32	20	Frederick Parker Group	20	-	3.8	3.8	2.8
125	50	George Alair	125d	-	3.0	3.3	24.3
92	20	Ind. Precision Castings	125d	-	18.3	12.7	20.8
182	102	Iris Group	182d	-	5.1	4.8	7.8
128	101	Jackson Group	128d	-	12.0	14.8	10.4
377	228	Jamas Borough SpA	370	-	17.5	14.7	14.7
100	95	Jamas Borough SpA	92	-	12.0	14.7	14.7
1,025	842	Multihouse N.V.	840	+10	-	-	44.0
380	280	Recon Roadway Ord.	379	-	14.1	18.2	5.8
100	87	Recon Roadway 10pc Pl	89	-	11.1	18.2	5.8
88	32	Robert Jenkin	88	+1	-	-	3.5
88	28	Scruttons 'A'	36	-	-	-	-
126	86	Torday and Carlisle	126d	+1	5.7	4.5	7.5
370	320	Travian Holdings	370	-	2.8	4.1	12.7
70	28	Unilever Holdings	69d	-	5.0	5.1	9.3
102	47	Welsh Alzanday	97ad	-	5.0	5.1	9.3
228	190	W. S. Yates	197	-	17.4	8.8	18.7

Ford chief hopeful on Alfa takeover

BY JOHN WYLES IN ROME
MR DONALD PETERSEN, president of the Ford Motor, returned to Detroit yesterday hoping that he has successfully "sold" to the Italian Government his company's proposals for taking over Alfa Romeo.

around the struggling Alfa Romeo which has not made a profit in 13 years.
"It would be very important for us to maintain the economic independence of Alfa as well as its identity," said Mr Petersen after his meeting with Mr Craxi.

production - Ford's worldwide sales network and, in particular, its access to the American market.
The US company is believed to want to develop the Alfa name as an international marque specialising in high-performance luxury cars. It would double Alfa's present output of 190,000 vehicles a year and invest heavily in new robotic machinery.

tion parties are expressing a clear preference for Fiat, assuming that the Turin company produces an equivalent proposal.
Included in these assurances is Mr Valerio Zanone, the Minister for Industry and a Liberal MP from Turin. Yesterday he said that the question of future employment could be a principal factor in determining the final choice.

Paribas float advisers lined up

BY PAUL BETTS IN PARIS
THE FRENCH Government has selected Rothschild and Swiss Bank Corporation to advise it on the privatisation of Paribas, the financial group chosen as one of the first three privatisations of the Government's ambitious denationalisation programme.

clere of Mr Edmond de Rothschild and Mr David de Rothschild's PO bank in Paris. They will be joined in their advisory task by Swiss Bank Corporation.
The Government has already selected its advisers for the flotation of Saint-Gobain, the nationalised pipes and glass group, which is due to kick off the privatisation programme this winter.

Competition among French and international banks has been intense in recent months to gain a major slice of the privatisation advisory and placement business.
Separately, Paribas has taken a small stake in Pallas, the international investment group set up two years ago by Mr Pierre Moussa, the French financier and former chairman of Paribas. Pallas recently increased its capital from \$140m to \$200m.

Sweden Match 45% ahead at eight months
BY Sara Webb in Stockholm
SWEDISH MATCH, the diversified industrial group which is the world's leading manufacturer of matches, reported a 45 per cent increase in profits for the first eight months.

Japanese telecom merger move fails

BY Ian Rodger in Tokyo
KOKUSAI Digital Tsushin, the Japanese telecommunications consortium in which Cable and Wireless of Britain has a 20 per cent stake, has failed in an attempt to merge with its rival, International Telecommunications of Japan (ITS).

Gold rise brings reprieve for Detour Lake mine

BY BERNARD SIMON IN TORONTO
THE RISE in the gold price has encouraged Campbell Red Lake Mines, the Canadian mining group, and its US partner, Amoco to proceed with construction of a \$250m underground section at the troubled Detour Lake gold mine in northern Ontario.

tion did not go ahead. The new section will raise the mine's expected output from 600,000 ounces in 1987 to 110,000 oz the following year.
Amoco, which has a 50 per cent interest in the mine, has approved preliminary construction work for a three-month period starting on November 1, but has not yet decided whether to take part in the full project.

Solid recovery at Carnegie

BY Our Stockholm Correspondent
CARNEGIE, the Swedish retailing, wholesale, property management and financial services group previously known as Saba, moved back into the black in the first eight months of the year.

Scandinavians in pulp technology link

BY KEVIN DONE, NORDIC CORRESPONDENT IN STOCKHOLM
UNITED PAPER Mills of Finland and Svenska Cellulosa (SCA) of Sweden, two of the leading Scandinavian forest products groups, are to merge their pulp technology operations.

at Valkeakoski
Sunds Defibrator has annual sales of some SKr 1.5bn or around 10 per cent of Svenska Cellulosa group turnover.
The SCA/United Paper Mills deal is the second this year between the Swedish and Finnish pulp and paper machinery sectors. In January Valmet, the Finnish engineering group, acquired a 75 per cent stake in the paper machine division of KMW, part of the Swedish Nordstjernan group.

record year
BY Our Financial Staff
SWISS BANK CORPORATION, Switzerland's second largest bank, says third-quarter earnings surpassed those of the third period last year. It expects 1988 when net profit totalled a record SFr 608.4m (SFr7.8m).

NORTH AMERICAN QUARTERLIES

Table with columns for company names (e.g., Alexander and Baldwin, Bank of Boston) and financial data for 1988 and 1985.

PPS INDUSTRIES

Table with columns for PPS Industries and other companies (e.g., Reynolds Metals, Viacom International) and financial data for 1988 and 1985.

WEEKLY PRICE CHANGES

Table showing weekly price changes for various commodities like Metals, Grains, and Oils, with columns for Latest prices, Change on week, and Year ago.

NEW YORK

Table showing market data for New York, including Aluminum, Cocoa, Coffee, Copper, Cotton, Lead, Nickel, Tin, Zinc, and Soybeans.

Japanese telecom merger move fails

BY Ian Rodger in Tokyo
KOKUSAI Digital Tsushin, the Japanese telecommunications consortium in which Cable and Wireless of Britain has a 20 per cent stake, has failed in an attempt to merge with its rival, International Telecommunications of Japan (ITS).

Gold rise brings reprieve for Detour Lake mine

BY BERNARD SIMON IN TORONTO
THE RISE in the gold price has encouraged Campbell Red Lake Mines, the Canadian mining group, and its US partner, Amoco to proceed with construction of a \$250m underground section at the troubled Detour Lake gold mine in northern Ontario.

Solid recovery at Carnegie

BY Our Stockholm Correspondent
CARNEGIE, the Swedish retailing, wholesale, property management and financial services group previously known as Saba, moved back into the black in the first eight months of the year.

Scandinavians in pulp technology link

BY KEVIN DONE, NORDIC CORRESPONDENT IN STOCKHOLM
UNITED PAPER Mills of Finland and Svenska Cellulosa (SCA) of Sweden, two of the leading Scandinavian forest products groups, are to merge their pulp technology operations.

ALUMINUM

Table showing aluminum prices for various grades and regions, including Unofficial closing and High/Low prices.

REUTERS INDICES

Table showing Reuters indices for various markets, including Dow Jones and other major indices.

COPPER

Table showing copper prices for various grades and regions, including Unofficial closing and High/Low prices.

POTATOES

Table showing potato prices for various grades and regions, including Unofficial closing and High/Low prices.

LEAD

Table showing lead prices for various grades and regions, including Unofficial closing and High/Low prices.

SUGAR

Table showing sugar prices for various grades and regions, including Unofficial closing and High/Low prices.

NICKEL

Table showing nickel prices for various grades and regions, including Unofficial closing and High/Low prices.

TIN

Table showing tin prices for various grades and regions, including Unofficial closing and High/Low prices.

ZINC

Table showing zinc prices for various grades and regions, including Unofficial closing and High/Low prices.

HEAVY FUEL OIL

Table showing heavy fuel oil prices for various grades and regions, including Unofficial closing and High/Low prices.

GOLD

Table showing gold prices for various grades and regions, including Unofficial closing and High/Low prices.

LEADED GASOLINE

Table showing leaded gasoline prices for various grades and regions, including Unofficial closing and High/Low prices.

SILVER

Table showing silver prices for various grades and regions, including Unofficial closing and High/Low prices.

COCOA

Table showing cocoa prices for various grades and regions, including Unofficial closing and High/Low prices.

MEAT

Table showing meat prices for various grades and regions, including Unofficial closing and High/Low prices.

SOYABEAN MEAL

Table showing soyabean meal prices for various grades and regions, including Unofficial closing and High/Low prices.

SILVER 5.00 Troy oz, cents/troy oz

Table showing silver prices for various grades and regions, including Unofficial closing and High/Low prices.

LIVE CATTLE

Table showing live cattle prices for various grades and regions, including Unofficial closing and High/Low prices.

SOYABEAN MEAL

Table showing soyabean meal prices for various grades and regions, including Unofficial closing and High/Low prices.

GRAINS

Table showing grain prices for various grades and regions, including Unofficial closing and High/Low prices.

COFFEE

Table showing coffee prices for various grades and regions, including Unofficial closing and High/Low prices.

RUBBER

Table showing rubber prices for various grades and regions, including Unofficial closing and High/Low prices.

THE CITY FINANCIAL SERVICES LONDON 3 & 4 NOVEMBER, 1986. Includes logo and contact information for financial services.

WORLD STOCK MARKETS

NEW YORK

Table of New York stock market activity, including columns for Stock, Oct 17, Oct 16, and various market indices like Dow Jones, S&P 500, and NYSE.

NEW YORK INDICES

Table of New York market indices including Dow Jones, S&P 500, NYSE, and various sector indices.

CANADA

Table of Canadian stock market activity, including columns for Stock, Oct 17, Oct 16, and market indices.

STOCK

Table of individual stock prices and market activity, including columns for Stock, Oct 17, Oct 16, and various market indices.

WALL STREET

Trendless & awaiting Opec talks

STOCK PRICES closed slightly lower to a trendless market on Wall Street yesterday. Companies associated with takeover rumors provided most of the activity, while continued failure of Opec to reach an accord on oil production quotas pressured oil stocks.

Richford \$1 to \$55, Pennzell \$1 to \$60, and Occidental Petroleum \$1 to \$20.

Airlines declined slightly. One analyst said, "It will take considerable time to get the airlines really going." The scheduled expiration of individual stock options had little effect on the market.

foreign shares showed losses

The Nikkei Dow Market average dropped another 17.65 to 16,701.34. Five straight declines this week have sent the market average 98.24 lower. Volumes 300m (430m) shares.

STRONG

Strong an high demand for Blue Chip Industrial which again pushed market indices to record levels.

NEW YORK ACTIVE STOCKS

Table of New York active stocks, including columns for Stock, Change, and various market indices.

STOCK

Table of individual stock prices and market activity, including columns for Stock, Oct 17, Oct 16, and various market indices.

CANADA

Table of Canadian stock market activity, including columns for Stock, Oct 17, Oct 16, and various market indices.

AUSTRIA

Table of Austrian stock market activity, including columns for Stock, Oct 17, Oct 16, and various market indices.

GERMANY

Table of German stock market activity, including columns for Stock, Oct 17, Oct 16, and various market indices.

NORWAY

Table of Norwegian stock market activity, including columns for Stock, Oct 17, Oct 16, and various market indices.

AUSTRALIA (continued)

Table of Australian stock market activity, including columns for Stock, Oct 17, Oct 16, and various market indices.

FRANCE

Table of French stock market activity, including columns for Stock, Oct 17, Oct 16, and various market indices.

NETHERLAND

Table of Dutch stock market activity, including columns for Stock, Oct 17, Oct 16, and various market indices.

ITALY

Table of Italian stock market activity, including columns for Stock, Oct 17, Oct 16, and various market indices.

SWITZERLAND

Table of Swiss stock market activity, including columns for Stock, Oct 17, Oct 16, and various market indices.

SPAIN

Table of Spanish stock market activity, including columns for Stock, Oct 17, Oct 16, and various market indices.

JAPAN (continued)

Table of Japanese stock market activity, including columns for Stock, Oct 17, Oct 16, and various market indices.

NEW YORK ACTIVE STOCKS

Table of New York active stocks, including columns for Stock, Change, and various market indices.

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دوره اول سال ۱۳۸۵

LONDON RECENT ISSUES

Table with columns: Issue No., Issue Name, Price, etc. listing various financial issues.

FIXED INTEREST STOCKS

Table with columns: Issue No., Issue Name, Price, etc. listing fixed interest stocks.

"RIGHTS" OFFERS

Table with columns: Issue No., Issue Name, Price, etc. listing rights offers.

Associations due usually last day for dealing free of stamp duty. A Annualized dividend. B Flows based on prospectus estimates. C Dividend rate paid or payable on basis of capital, cover based on dividend on full capital. D Annualized dividend yield. E Annualized dividend yield after scrip issue. F Forecast dividend cover on earnings calculated by latest financial statement. G Dividend and Yield based on prospectus or other official estimates for 1987. L Estimated annualized dividend, cover and yield based on latest annual earnings. M Forecast annualized dividend, cover and yield based on prospectus or other official estimates. W Pro Forma Forecast of forecasted dividend yield ratio based on latest annual earnings. X Forecast, or estimated annualized dividend rate, cover and yield based on a previous year's earnings. Y Issued by tender. Z Offered holders of ordinary shares as "rights." II Introduction. III Issued by way of capitalisation. P Flotation price. Q Redeemed. R Issued in connection with reorganisation merger or takeover. S Allotment price. U Unlisted securities market. V Official London listing. W Including warrants.

FINANCIAL TIMES SURVEY
The Financial Times proposes to publish an EXPORT SERVICES SURVEY on November 17, 1986.
The following subjects will be covered:
1. Introduction
2. Government Support
3. The Private Sector
4. Trade Fairs and Exhibitions

EUROPEAN OPTIONS EXCHANGE

Table with columns: Series, Vol., Last, etc. listing European options exchange data.

BANK RETURN

Table with columns: BANKING DEPARTMENT, ASSETS, LIABILITIES, etc. showing bank returns.

AUTHORISED UNIT TRUSTS FT UNIT TRUST INFORMATION SERVICE

Large table listing various unit trusts with columns for Name, Manager, etc.

Table listing various unit trusts with columns for Name, Manager, etc. (Continuation of the main table).

AUTHORISED UNIT TRUSTS & INSURANCES

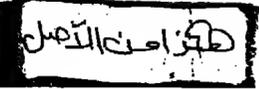
Main table containing financial data for various unit trusts and insurance companies, including columns for company names, fund names, and numerical values.

INSURANCES

Table listing insurance companies and their respective policies, including details like policy numbers and terms.

Handwritten text at the bottom center of the page, possibly a signature or date.





INSURANCE, OVERSEAS & MONEY FUNDS

Table listing various insurance and overseas funds with columns for fund name, company, and numerical values.

Table listing insurance and overseas funds, including sections for 'Foreign & Overseas Management Ltd' and 'Foreign & Overseas Management Ltd'.

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OFFSHORE AND OVERSEAS

Table listing offshore and overseas funds with columns for fund name, company, and numerical values.

Money Market Trust Funds

Table listing money market trust funds with columns for fund name, company, and numerical values.

Money Market Bank Accounts

Table listing money market bank accounts with columns for bank name, account type, and numerical values.

TRADITIONAL OPTIONS 3-month call rates

Table listing traditional options with columns for option name, company, and numerical values.

NOTES: Prices are in pence unless indicated and these are subject to change without notice. Prices of certain other insurance funds are subject to certain conditions. Prices are based on offer prices. Estimated 1 Yearly Price is based on offer prices. For further information, contact the relevant fund manager.

BRITISH FUNDS

Table of British Funds with columns for Name, Price, and % Change. Includes sub-sections for 'Shorts (Lives up to Five Years)' and 'Five to Fifteen Years'.

Table of British Funds (continued) with columns for Name, Price, and % Change. Includes sub-sections for 'Over Fifteen Years' and 'Unrated'.

Table of British Funds (continued) with columns for Name, Price, and % Change. Includes sub-sections for 'Index-Linked' and 'INT. BANK AND OCEAS GOVT STERLING ISSUES'.

Table of British Funds (continued) with columns for Name, Price, and % Change. Includes sub-sections for 'CORPORATION LOANS' and 'COMMONWEALTH & AFRICAN LOANS'.

Table of British Funds (continued) with columns for Name, Price, and % Change. Includes sub-sections for 'LOANS' and 'Public Board and Ind.'.

Table of British Funds (continued) with columns for Name, Price, and % Change. Includes sub-sections for 'FOREIGN BONDS & RAILS' and 'AMERICANS'.

Table of British Funds (continued) with columns for Name, Price, and % Change. Includes sub-sections for 'AMERICANS' and 'BEERS, WINES & SPIRITS'.

Table of British Funds (continued) with columns for Name, Price, and % Change. Includes sub-sections for 'BEERS, WINES & SPIRITS' and 'BUILDING, TIMBER, ROADS'.

Table of British Funds (continued) with columns for Name, Price, and % Change. Includes sub-sections for 'BUILDING, TIMBER, ROADS' and 'DRAPERY & STORES'.

Table of British Funds (continued) with columns for Name, Price, and % Change. Includes sub-sections for 'DRAPERY & STORES' and 'ELECTRICALS'.

LONDON SHARE SERVICE

Table of LONDON SHARE SERVICE (continued) with columns for Name, Price, and % Change. Includes sub-sections for 'BUILDING, TIMBER, ROADS' and 'DRAPERY & STORES'.

Table of LONDON SHARE SERVICE (continued) with columns for Name, Price, and % Change. Includes sub-sections for 'DRAPERY & STORES' and 'ELECTRICALS'.

Table of LONDON SHARE SERVICE (continued) with columns for Name, Price, and % Change. Includes sub-sections for 'ELECTRICALS' and 'FOOD, GROCERIES, ETC'.

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ENGINEERING - Continued

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INDUSTRIALS - Continued

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Table with multiple columns listing various financial instruments, likely including bonds and equities, with associated prices and yields.

Table containing market data for various commodities and currencies, including gold, silver, and foreign exchange rates.

Table listing various types of insurance policies and their corresponding rates and terms.

Table detailing the performance and financial metrics of various investment trusts and funds.

Table providing information on plantation stocks, including company names, share prices, and dividend details.

Table listing various mining stocks and their market values, including company names and share prices.

Table listing various types of insurance policies, including life, fire, and marine insurance.

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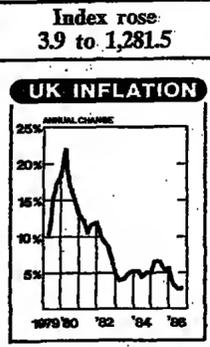
Table listing various types of insurance policies and their corresponding rates and terms.

WHAT IS NEW NOW... CALIFORNIA FIDELITY... 0800-414161

HOPEPE SPAIN'S SHERRY GONZALEZ BYASS

THE LEX COLUMN

Short steps to the long term



Until the Duke of Edinburgh's reported remarks on the Chinese physiognomy hit the Hong Kong stock market yesterday there was no holding it.

Even for a Friday, when no one likes to open a position ahead of the weekend, the market's view of the Chancellor's Mansion House speech was clear.

Mr Lawson seems to have nailed his political credibility to the idea that a one percentage point rise will tighten monetary conditions sufficiently to curb credit growth and restore stability to sterling.

he looking for something more to be done. The fear, based on Tuesday's experience, is that another one point base rate rise will come about a week later than the moment when the market becomes convinced that only a two-point move will work.

It is indeed odd that the Bank of England decided to push Hillsdown out of its pound Big Bang place in the new issue queue.

Hillsdown's £154m share offer is the first sizeable vendor placing for cash to be seen in the London market, and was only possible through special Stock Exchange dispensation.

Goodison warns on capital markets

By Clive Wolman

SIR NICHOLAS Goodison, the Stock Exchange chairman, yesterday warned that the UK's capital markets would suffer serious consequences if the proposed merger of the Exchange with the International Securities Regulating Organisation, which represents the large international securities houses, was not approved.

He also released details of a scheme by which Stock Exchange members will eventually receive £10,000 each as compensation for their loss of voting control if they approve the merger.

Last year, a proposed constitutional amendment which would have allowed each member to sell his stake in the Exchange narrowly failed, receiving a majority of 73.6 per cent.

The principle of members' unlimited liability is being abandoned and the Stock Exchange will become a limited company, the voting shares will be held by member firms rather than individuals.

The most controversial constitutional issue not covered by the proposed amendments is how voting power will be allocated between member firms.

Opec deadlock over quota extension

BY RICHARD JOHNS IN GENEVA

KUWAIT AND Saudi Arabia yesterday blocked an agreement sought by most of the 13 members of the Organisation of Petroleum Exporting Countries to extend a production sharing pact until the end of the year.

The two countries say they will not accept a continuation of the present interim agreement unless a new distribution of quotas is decided in Geneva and they are given a bigger share.

The current two-month agreement struck in August, expires at the end of this month. It limits Opec output to 16.8m barrels a day.

Opec oil ministers have been meeting for 12 days in Geneva since their longest meeting to date—and there is evidence of growing resentment towards Saudi Arabia and Kuwait, which are seen as selfish and uncompromising.

They were understood to have considered an Iranian proposal that Ecuador and Gabon might share an extra 100,000 h/d quota until the end of the year. Saudi Arabia and Kuwait demanded that they should have a share of any increment agreed in total Opec output.

We are meeting a very difficult situation, Sheikh Ahmed Zaki Yamani, Saudi Oil Minister, said yesterday.

On the issue of the more explicit Kuwaiti demand for a bigger quota from November 1, he said: "That is the Saudi position as well. It is not Kuwait alone."

Saudi and Kuwait ministers undertook last night to consult their governments in the hope of finding a compromise to break the deadlock.

A possible compromise solution to the deadlock could focus on a proposal brought to have come from Venezuela. This states that any accord revising share quotas should relate to production above the 16.8m h/d ceiling. As yet, apparently, this proposal has not been discussed formally by the ministers.

Opec economic experts were last night trying to define more strictly the sources of data to be used for establishing production quotas. Apart from debt the other parameters are oil reserves, production capacity, historic market share, internal consumption, output costs, petroleum as a percentage of foreign exchange earnings, and population.

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Carrington dismisses military complaints about US arms plan

BY DAVID BUCHAN IN BRUSSELS

LORD CARRINGTON, Nato Secretary General, yesterday dismissed complaints of the organisation's military commanders that the US failed to consult them properly on arms control before or after the Iceland summit.

However, he conceded that there was some substance to the military's fears over making cuts in isolated categories of nuclear weapons.

Lord Carrington, Nato's highest ranking political official, said he was "rather surprised" at the public protests this week by General Hans-Joachim Meck, Deputy Supreme Allied Commander in Europe, that the organisation's military command had been kept ill-informed about prospective changes in US negotiating positions.

Gen Meck, and his Nato superior, General Bernard Rogers, had no reason to be in the dark because their representatives had attended US briefings in Brussels both before and after the summit.

A week before that meeting, Gen Rogers, also commander of US forces in Europe, had defended to Washington about lack of consultation.

But Lord Carrington admitted that "some people are anxious"

on two scores about the possibility, raised at Reykjavik, of medium-range nuclear weapons being removed from Europe.

First, even with the possible elimination of US cruise and Pershing 2 missiles and Soviet SS20 missiles from Europe, Moscow would be left with a big superiority in shorter-range weapons.

Second, the more nuclear weapons were reduced, "the more the conventional military disparity between Nato and the Warsaw Pact becomes apparent," he said.

Nato's strategy of being able to respond flexibly to every level of Soviet threat "should be examined, and should have been examined," in the light of the Reykjavik proposals.

Alliance political officials have expressed surprise that the Nato military had apparently not already done sufficient contingency planning on various "zero options" on nuclear weapons long tabled by the US.

The future course of arms control negotiations in Geneva is likely to figure prominently at next week's Nuclear Planning Group meeting of alliance defence ministers at Gleneagles, Scotland.

In his interview yesterday in Brussels with British journalists, Lord Carrington said he

hoped the outcome of the talks would be a high-level study assessing the political and military implications of the Reykjavik proposals.

He described as "a very attractive proposition" the Nato commanders' suggestion that elimination of medium-range missiles in Europe be linked to negotiations to reduce shorter-range weapons.

In Washington too arms control experts are expressing concern about the Reagan Administration's conduct of the arms control negotiations in Reykjavik.

Senator Sam Nunn, a man whose expertise on military issues is recognised on both sides of the Senate floor, yesterday voiced his unease on the floor of the Senate.

Mr Nunn has alleged on the basis of a briefing from President Reagan that he is concerned that such a move would radically change the military balance in favour of the Soviet Union, the conventional nuclear forces of which are much stronger than Nato's.

Mr Nunn maintains that the negotiators in Reykjavik made these offers, including the offer to eliminate all ballistic missiles in 10 years, without consulting the US joint chiefs of staff.

Soviet rift denied, Page 2

Accord 'has changed atmosphere in Ulster'

By Hugh Carnegie in Dublin

THE ANGLÓ-IRISH Agreement signed last November has changed the political atmosphere in Northern Ireland and promoted a new relationship between Dublin and London.

Mr Peter Barry, Irish Foreign Minister, said last night.

It offered the best hope to northern nationalists since partition, he said.

In a sharp response to attacks on the agreement by Mr Charles Haughey, leader of the opposition Fianna Fail party, Mr Barry said the agreement had strengthened constitutional nationalism in the north and provoked a "radical re-assessment" by unionists. He was addressing the opening session of the annual conference of Fine Gael, the senior Irish coalition partner.

Mr Barry, co-chairman of the inter-governmental conference set up under the agreement, accused Mr Haughey of being afraid of the IRA.

As an election, due within the next year, draws closer, Government figures are increasingly turning their fire on Mr Haughey who last week said the accord had seriously worsened the position of nationalists in the north and suggested he would renegotiate the agreement.

Mr Barry said Mr Haughey had consistently sought to undermine the pact, which could not be re-drafted on a whim.

The only explanation of Mr Haughey's approach, he added, was that "for the first time, we have a leader of the Fianna Fail party who is afraid of Sinn Féin and their IRA masters; afraid that unless he joins Sinn Féin he might lose votes to the party of the Armalite."

Jaguar workers vote to continue strike in rebuff to shop stewards

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

ASSEMBLY WORKERS at Jaguar, Coventry, overturned the recommendation of their senior shop stewards yesterday and voted to continue a strike which has halted production of all saloons including the new XJ6.

The men, who walked out on Thursday in protest at the actions of industrial engineers, traditionally known as time-and-motion men, voted not to meet again until Thursday.

The depth of feeling clearly came as a surprise to the company, which is anxious not to damage the good publicity that has surrounded the recent successful launch of the new XJ6, following a six-year development programme, costing £300m.

The dispute could hardly have come, with the car winning the plaudits of visitors to the Motor Show at Birmingham.

Jaguar said last night: "We

are bitterly disappointed when everybody has worked so hard for the success of the new car."

However, the company insisted it was determined to realise the productivity benefits from introducing the new car. The 800 strikers had ignored constitutional procedures.

The shop stewards had been urging a return to work while negotiations continued.

The flare-up is seen as the result of tensions building up in recent weeks when industrial engineers sought to establish the time and effort required for assembly of the new car.

Output of the model, which went into production only six weeks ago, is running at about 150 cars a week and must climb to 900 over the next 12 months.

One shop steward said: "This model could be with us for the next 10 years or so; we will be negotiating in the next few weeks our working conditions for the next decade."

The dispute is not directly related to the current pay round but clearly reflects a mood among Jaguar workers that they are not sharing sufficiently in the much acclaimed success of the company.

A steward said: "It's all very well to read in the newspapers about the profits, share price and quality of the Jaguar. Our members want to see appreciation of their effort reflected in their pay packet."

Jaguar, which is seeking a two-year pay agreement for its 8,000 manual workers, has offered a 5.25 per cent increase in the first year plus an improvement in, and some consolidation of, the productivity-related bonus scheme.

The unions' claim for a £20 a week rise—about an 8 per cent increase in shop floor costs—is in addition to long-standing demands for changes in the bonus scheme and for the narrowing of pay differentials in the five-tier wage structure.

Markets

There was little Mr Lawson could have said to change the attitude of the market.

The Bank of England's sterling index equalled its all-time low before recovering in afternoon trading, but it has still declined more than 4 per cent in the last month.

The pound remains sensitive to news from the Geneva meeting of ministers of the Organisation of Petroleum Exporting Countries, who are continuing their marathon talks on output quotas. Markets are also interested to see whether Britain's trade and current accounts position improves in September after August's record deficits.

However, dominating the mood is concern that the Government's monetary policy has gone seriously astray and that the Chancellor intends to do nothing about it.

Mr Stephen Lewis of broker Phillips & Drew said that even though the Chancellor did not announce special measures to allay concern about inflation, the market had at least looked for some indication of concern.

The Chancellor made it clear on Thursday that he was reluctant to see interest rates rise further, as the one point rise already gave a substantial margin over equivalent dollar rates and implied real UK interest rates of about 8 per cent.

The FT-SE 100 index closed 5 points higher at 1,610.0, but UK Government bonds closed with losses of up to one point.

The dollar had a quiet day in London. While attention focused on sterling, it ended unchanged at DM 1.9745.

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CHIEF PRICE CHANGES YESTERDAY

Table with columns for RISES and FALLS, listing various commodities and their price changes.

WORLDWIDE WEATHER

Table with columns for location, day, and weather conditions, listing various global locations.

Barcelona 'gold'

IOC about its commitment to amateurism, the lessons of Los Angeles have not been lost. This was demonstrated yesterday by the IOC's support for Barcelona, with its implicit backing for the policies pursued by Mr Juan Antonio Samaranch, the Spanish president, effectively full-time executive head of the IOC.

Since he took office in 1980 the Barcelona-born diplomat has pulled more and more control to the Lausanne headquarters where he has more than doubled the staff, to 80.

From the 1988 Olympics in Seoul, South Korea, the IOC has taken control of negotiating the marketing and sponsorship rights rather than leaving it to the country hosting the games.

A deal has been done under which ISL Marketing, a Swiss-based company controlled by Mr Horst Dassler of Adidas, the sports goods manufacturer, will market the Olympic name and deal with sponsors.

Beginning in Barcelona the IOC will also negotiate directly with the television companies for rights to the Games. The US market is the key television money-spinner. ABC alone paid \$275m for the Los Angeles games.

Continued from Page 1

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Continued from Page 1

Inflation

rate if the alternative is higher interest rates.

Yesterday, however, Mr Kenneth Clarke, the Paymaster-General, said that keeping inflation figures low remained the "key priority of the Government."

The figures show the index at 387.8 in September (Jan 1974 = 100) compared with 385.9 in August. The tax and price index was at 194.0 (1978 = 100) compared with 192.9 in August.

# WEEKEND FT

Saturday October 18 1986

MARKETS • FINANCE & THE FAMILY • PROPERTY • TRAVEL • MOTORING • DIVERSIONS • HOW TO SPEND IT • BOOKS • ARTS • TV

## Permafrost politics

Spitsbergen, in the high Arctic, is the only place in the West where the Russians maintain a quasi-strategic rôle. Kevin Done weighs up a delicate balance.

THE 15-minute helicopter ride between Longyearbyen and Barentsburg on the Svalbard island of Spitsbergen is a fight between two worlds, a bizarre link between the Communist east and the capitalist west in the high Arctic, barely 800 miles from the North Pole. In Barentsburg, population 1,220, the clocks follow Moscow time; the only telecommunications links are to the Soviet Union via Murmansk, and the community picks up Russian television. The local currency consists of tokens issued by Trust Arktikugol, the Soviet coal mining company. The population is exclusively Soviet, the street signs all in Russian. Guests are served borscht and mineral water from Georgia for lunch. Mr Gorbachev's alcohol purge has reached all the way to Svalbard. Heroic murals of Lenin and muscled-bound miners urge the Barentsburg inhabitants on as they walk the few, bleak, uneven streets, hunched against the cold. Outlandish black and white penguin-shaped litter bins stand before the doors to almost every building. In front of one house two painted metal figurines lean unsteadily, a forlorn reminder of warmer climes. A mere 25 miles further east along the fjord, Longyearbyen (population 1,118) is two hours behind Barentsburg's self-appointed time zone. Here, the clocks follow Oslo time. The inhabitants are Norwegian. "The political position is very delicate, very challenging. This is the only place in the world where there is a Russian community on western soil," says Leif Eldring, the tough Norwegian governor who improbably combines the roles of chief of police, judge, notary public and chief representative of the Norwegian Government 1,550 miles away in Oslo. The strategic importance of the Arctic is growing in a way unthinkable only a decade ago, as new technology

opens the way for oil, gas and minerals exploitation and the shadow of super-power nuclear rivalry falls across the region: the development of the Kola Peninsula into the world's most powerful military base. The Russians began arriving on Svalbard in the early 1930s when they bought up a coal mine from the Dutch. Until the mid-1970s, Norwegian sovereignty was largely theoretical. "The governor had no resources," says Eldring. "In the first 10 years Norwegian sovereignty had little meaning for them." There are no roads between the isolated Russian and Norwegian communities. Contact, when necessary, is by helicopter, occasional boat—drift ice permitting—in the months from May to the end of November, when the waters are open to navigation or, more adventurously, by snow scooter in winter. "In 1976 we got a helicopter for the governor. Before, in the summer we only had a boat and that took three hours to Barentsburg from Longyearbyen. With the helicopter we introduced a weekly visit. Now we have a house there, and a car," says Eldring. It is a tricky balancing act and the Russians are touchy about what they see as infringements on their earlier independence. The Norwegians were first given sovereignty over Svalbard in the 1920s under an international treaty that grew out of the Versailles peace conference at the end of the First World War. The sovereignty was subject to certain key restrictions. Interpretations vary, and the treaty and the associated mining code are coming under increasing pressure as the hunt for oil and gas in the Arctic is stepped up. British Petroleum has been shooting seismic on the glaciers of Svalbard during the summer; Statoil, Norsk Hydro and Elf Aquitaine are all conducting geological studies; and the Russians have been drilling onshore since 1985. Under the terms of the Svalbard Treaty, Norway cannot create or permit the establishment of naval bases or any fortifications, and the archipelago "may never be used for war-like purposes." At the same time, nationals of any of the 41 countries that signed the treaty must be allowed in to undertake certain economic activities. They can "carry on unimpeded all maritime, industrial, mining and commercial operations on a footing of absolute equality," according to a Norwegian White Paper on Svalbard. Norway's right to impose taxes is also severely restricted by the treaty, a fact that helps give Svalbard one of the lowest rates of income tax in the western world—4 per cent, plus 9.9 per cent social security. American, Russian, British, Norwegian, Dutch and Swedish companies have all tried to make a go of coal mining in the high Arctic. (Longyear-



relations were tense late in the 1970s as the Norwegians began to assert their sovereignty and impose tougher environmental rules. The Russians also protested when Oslo decided to build an airport at Longyearbyen—it came into operation in 1975—and there were disagreements over manning the airfield. "The Russians wanted 22 people to attend to a Russian airliner landing once a fortnight," recalls Eldring. "We got it down to 5-6. Now it's only two." "We had a lot of conflicts over air traffic control, environmental protection rules, safety for oil drilling, landing helicopters in national parks. It came from a more offensive Norwegian policy. Parliament realised we could

lose our grip on Spitsbergen. "Now it is much more relaxed. If the Russians still maintain they don't follow the rules, in practice they are following them." Coal mining on Spitsbergen is scarcely a money-making proposition, but the interests of both the Soviet Union and Norway are as much political as economic in an Arctic region that has become a vital deployment area for the Soviet Union's most modern strategic submarines. The 500,000 tonnes of coal each produce a year at least helps to defray the costs of maintaining a presence. "Recent developments in military technology have turned the Arctic region into a vital deployment area for weapons systems that form part of the central strategic balance," says Torbjorn Froyenes, former state secretary in the Norwegian foreign ministry. "The emergence of new generations of strategic naval missile systems capable of striking vital enemy targets from positions in Arctic waters, including ice-covered areas, underscores the geopolitical importance of the region." The islands of the Svalbard archipelago lie at the southernmost edge of the ice-covered Arctic Ocean astride the access and exit routes of the Soviet northern fleet operating out of Murmansk, the Kola Peninsula north of the northern coast of Alaska. They are about as close as human habitation comes to the North Pole. The islands are mountainous, sharply indented by fjords and valleys, more than 60 per cent covered by glaciers. It is only a branch of the gulf stream that makes life tolerable. There are no trees. The environment is highly vulnerable, with the Arctic the extreme biological limit for life on earth. Russians outnumber Norwegians by about two-to-one, with around 2,200 Soviet citizens in the two mining communities of Barentsburg and Pyramiden, and some 1,227 Norwegians in the Longyearbyen and Svea mining settlements. In recent years the Poles have also kept 10-12 scientists all year round at the isolated Hornsund research station on the south of Spitsbergen. Whether it is the prospect of earning good money and paying minimal tax, escape from the rat race further south, or the pull of the overwhelming Arctic nature, many of those who stay on Spitsbergen are bitten by what the locals call "bacillus Svalbardensis," a

fascination with the high Arctic which makes it hard to leave—except perhaps for some of the young would-be miners who venture up from the south attracted by the financial rewards, but are unable to take life underground. In a cavern cut into the side of one of the main tunnels, padlocked behind double wooden doors, is a frosted black container, an outpost of the Nordic Gene Bank. Packed inside in small glass ampoules are sample seeds of important Scandinavian plants and crops, permanently frozen and stored; independent of power supplies in the permafrost rock safe from disease, genetic mutation and, perhaps, nuclear holocaust. Few of the Norwegian miners have any experience in coal before they come to Spitsbergen. Many are students, fishermen, or farmers, in search of work and good money. By contrast, the Soviet workers are experienced miners, many from the mining districts of the Ukraine, but they are also there for the money. They earn double their last wage on the Soviet mainland, says Alexander Tkachenko, chief representative of the Soviets' Trust Arktikugol mining company in Barentsburg. In Barentsburg, the Russian miners live a much more isolated life than the Norwegians in Longyearbyen, who now have the option of several flights a week to Oslo. Trust Arktikugol even runs its own farm, with pigs, cows and chickens, to help it through the six months of the year when no more supplies can get through by sea from the Soviet mainland. Until a hurricane blew down its greenhouse last November, it even grew its own tomatoes, onions and cucumbers—only 800 miles from the North Pole. In Barentsburg the plain barrack-like buildings climb the mountain side, in a few irregular terraces, from the icy waters of the fjord, the blackened quayside, and the heaps of coal waiting for shipment to power stations on the Kola Peninsula. Longyearbyen is different. There are more individual family homes and a thriving school with nearly 200 pupils. The painted wooden houses are imported from the mainland, but raised on pillars above the permafrost, their foundations disguised behind discreet wooden skirts. The community has no centre. The buildings have followed the mine workings, strung out along the valley floor, connected by an umbilical cord of unsightly above-ground pipelines carrying all the services which cannot be buried in the permafrost. The glowering Loogyear glacier fills the top of the valley like a frozen tongue. The inhabitants of Longyearbyen seldom move anywhere except by car—or snow-scooter. Snow-scooters outnumber cars by more than four-to-one, and the Yamaha Ski-doo agency is one of the few flourishing private businesses in a community otherwise run by the coal company or the state. The local inhabitants do not often venture out into the mountains without a gun. "You can never be certain, polar bears are a danger," says Arund Solend, Store Norske's administrative manager. Bears occasionally wander into the settlement. "There is a high wall around the nursery school—both to keep the children in and the bears out." Social contacts take place between the Norwegian and Russian communities, but they tend to be restricted to official gatherings, sports events and folklore evenings. A couple of weeks ago the Norwegians played the Russians at football in Barentsburg. "Folled by Boris," ran the headline in Svalbardposten, the world's most northerly newspaper.

### The Long View

## The more things stay the same

JEEVES, the intangible butler, achieved some of his greatest coups through a deep understanding of the psychology of the individual. Stock exchange investors, by contrast, would do well to focus their attention on the psychology of the crowd. Forget all the mumbo-jumbo about market efficiency and risk: ignore the endless outpourings of the fundamental analysts or the ravings of the chart-walkers. What really matters is an awareness of how greed and fear can drive rational people to behave in strange ways when they gather together in a market place. Another forerunner appears on the scene, earnestly trying to keep composed. He wavers as to how best to secure a profit, chews his nails, pulls his fingers, closes his eyes, takes four paces and four times talks to himself, rises his hand to his cheek as if he has a toothache, puts on a thoughtful countenance, sticks out a finger, rubs his brow, and all this accompanied by a mysterious coughing as though he could force the hand of fortune. Suddenly he rushes with violent gestures into the crowd, snaps with the fingers of one hand while with the other he makes a contemptuous gesture, and begins to deal in shares as though they were custard. That extract is taken from the first book to describe the practices of any stock exchange: Joseph de la Vega's aptly named "Confusion de Confusiones," which was published in 1688. It is about the exchange in Amsterdam, then the financial centre of the world, and it is remarkable in two respects. For one thing, it describes a market which had only been in existence for a few decades, but which was already extraordinarily sophisticated. You could buy on margin, trade in options

Richard Lambert finds that very little has changed in the behaviour of investors and speculators since first described in a book written nearly 300 years ago



and deal in a variety of wildly speculative instruments. There was even a version of the "triple witching hour," when share prices went mad as the moment of settlement approached. If this sounds familiar, so do a variety of investment precepts which are listed in the book. Try this one for size: "The expectation of an event creates a much deeper impres-

sion upon the exchange than the event itself. When large dividends or rich imports are expected, shares will rise in price; but if the expectation becomes a reality, the shares often fall; for the joy over the favourable development and the jubilation over a lucky chance have abated in the meantime." Over the long view of nearly 300 years, we can see that very little has changed in the be-

haviour and motives of investors and speculators. As Charlton Heston once observed, in an otherwise eminently memorable film, "It's all in the mind, Michelangelo." Some people, for instance, are permanent optimists. "The bulls are like the giraffe which is scared of nothing, or like the magician of the Elector of Cologne, who in his mirror made the ladies appear much more beautiful than they were in reality." Others take the opposite tack. "The bears, on the contrary, are completely ruled by fear, trepidation, and nervousness. Rabbits become elephants, bravels in a tavern become rebellious, faint shadows appear to them as signs of chaos." De la Vega has stern warnings against such excesses. "One has to pay attention to the different tides, and to trim one's sails according to the wind." He advises readers to be inclined to speculate for a rise and only occasionally for a fall in prices, because he says experience shows that the bulls are usually victorious. His four principles for speculators are worth reprinting in full:

● "Never give anyone the advice to buy or sell shares, because, where perspicacity is weakened, the most benevolent piece of advice can turn out badly." ● "Take every gain without showing remorse about missed profits, because an eel may escape sooner than you think. It is wise to enjoy that which is possible without hoping for the continuance of a favourable conjuncture and the persistence of good luck." ● "Profits on the exchange are the treasures of goblins. At one time they may be carbuncle stones, then coals, then diamonds, then flint stones, then morning dew, then tears." ● "Whoever wishes to win in this game must have patience and money, since the values are so little constant and the rumours so little founded on truth. He who knows how to endure blows without being terrified resembles the lion who answers the thunder with a roar, and is unlike the hoid who, stunned by the thunder, tries to flee." Pundits today would probably modify the second principle a little, and place the emphasis more on cutting losses while letting profits run on. Otherwise the principles still look sound, especially the bit about goblin's treasures. What would de la Vega's stance be on Throgmorton Street today? He was an on-ashed bull, and would probably have been very long on high grade blue chips. He warns against being worried merely because prices are high compared with previous experience. The moment to run for cover comes when everyone is bullish, because then the slightest piece of bad news can send share prices skidding. But trading on the stock exchange can be both difficult and dangerous, for it is a volatile place. "It is a quintessence of academic learning and a paragon of frandulence; it is a touchstone for the intelligent and a tombstone for the stupidous, a treasury of usefulness and a source of disaster." First-time buyers in TSB shares should, perhaps, take note. My extracts come from an abbreviated version of "Confusion de Confusiones," published by the Baker Library, Harvard Graduate School of Business Administration, in 1987 and I suggest—long out of print.

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FT 18/10



# Confusion reigns

US SHARE prices have moved ahead this week, despite a weak bond market, a slew of sluggish economic statistics and very disappointing earnings from IBM, the stock market's bell wether.

The US credit markets were closed on Monday for the Columbus Day holiday, but during the rest of the week US Bond prices headed lower and short term interest rate drifted higher. There has been plenty of economic news for the financial markets to digest but at the end of the week analysts remain confused about the strength of the economy and the likelihood that the Federal Reserve may step in and ease its monetary grip.

couraged by a steady stream of results which are up to and above expectations.

The big exception is IBM which spoiled many analysts' Columbus Day holiday by reporting a 27 per cent drop in third quarter net profits to \$1.76 a share. For the nine months, IBM's earnings are 12 per cent down at \$5.53, and Carol Muratore, Morgan Stanley's IBM watcher, has clipped her year earnings estimate for IBM by another 25 cents—to \$8.75. This compares with \$10.77 in 1984 and \$10.67 last year.

as badly, most noticeably Digital Equipment, which reported a more than doubling of its profits to \$1.37 a share in the third quarter. Its shares have risen by close to \$6 this week to \$96 and it is now being accorded star status by Wall Street analysts who follow the US computer industry.

One sector which is being helped by the dramatic decline in the dollar over the last year is the drug companies, and several of the best-known names, led by Merck, which boosted its third quarter net income by 27 per cent to \$1.24, have turned in impressive performances this week.

## Wall Street

By Thursday evening the Dow Jones Industrial Average was over 80 points above its end-September low point of 1755.20 and just 5 per cent away from its all-time high, reached six weeks ago. However, analysts remain suspicious of its recent strength.

"There could be some modest trading rallies over the next several weeks but we continue to expect a test of the recent low of 1755 on the Dow industrial," says Merrill Lynch's latest market letter, which concludes that "a deeper reaction is probable before the bull market regains some of its earlier vigour."

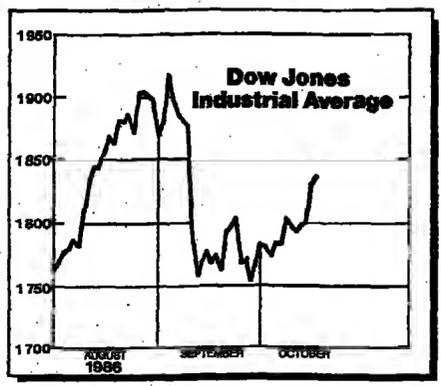
For the moment, however, Wall Street is monitoring the third quarter results from corporate America, and analysts appear to be generally en-

For 1987 she is estimating IBM will earn just \$9.55. This is lower than most estimates but underlines why Wall Street's long running love affair with America's biggest growth company has turned sour. Having fallen sharply last week, IBM shares fell to within a dollar of their year's low of \$119 to the middle of this week, before staging a slight recovery to \$121 early yesterday morning.

The decline in the dollar should be helping IBM but its overseas business is slowing down and the company says that it has yet to see a turn in "the weak North American business environment we have experienced in the past year and a half." However, some of IBM's smaller competitors do not seem to be suffering anywhere near

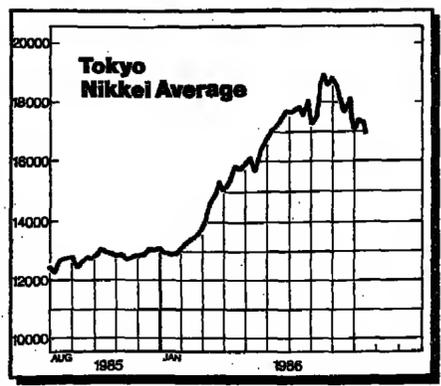
USX Corporation, which is being stalked by Carl Icahn, the infamous corporate raider, announced plans to spinoff its profitable chemicals operations for more than \$500m. This is the first of a series of moves which are expected to be announced next week to fight Mr Icahn's unwanted attention. USX shares have been slipping this week and by yesterday morning they were being quoted at \$36, compared with \$27 at the end of last week.

BankAmerica shares also ended the week lower at \$141, despite the news that Tom Clausen, the former head of the World Bank, had been recalled to take control of the troubled west coast banking giant, which is facing an unsolicited \$18 a share bid from First Interstate Bancorporation, a smaller but more profitable Californian



# Summer leads to the Fall

THE PARTY in Tokyo looks to be over. Everyone had a great time but now people are mostly selling or staying at home. After all the fun of the first nine months of the year, it's positively depressing to talk to brokers in Kabutocho these days.



The closely-watched Nikkei Average slid 825 points this week to 16,700, putting it about 12 per cent off its peak reached in late August. Volumes have dropped to funeral levels, from 2.2bn shares changing hands daily to around 350m on average this week.

Last month brokers were saying the drift downward was only temporary; now more gloom prevails. The frustrating part of it for Tokyo investors is that the factors which helped push the market through the roof—sheer weight of money—remains largely intact.

Japan's M2 money supply figures, including cash, deposits and CDs, for example, grew 8.9 per cent in September over a year earlier. Also last month the government unveiled its Yen 3,600bn domestic spending package, up Yen 500bn on last year's package and estimated to take 0.5 per cent onto GNP growth over the next 12 months.

Stories vary on why the psychology of the market has changed. But a major factor appears to be the demise of the shogun, the young yuppie-style Japanese brokers who last summer turned up the volume to full blast. Today there is a notable lack of Japanese brokers pushing stocks, particularly among the big four: Nomura, Daiwa, Yamachi and Nikko.

No one likes to be quoted about it, but it is understood that the Ministry of Finance and the Bank of Japan began making noises about the state of the market last month. Perhaps coincidentally, officials of the MoF showed up for routine, but unscheduled, inspections of the records of the major brokers. Rumours are many and colourful about what they found, but at the very least the move appears to have been enough to slow down the young stock churning to a near standstill.

out of the Tokyo market before the worst of the recent fall, scoring a major victory in a very tricky market. Domestic investors, with just as much cash as ever, are switching from individual stock picking to investment funds and overseas securities.

As a result, investment trusts this month have already swelled to Yen 820bn, compared to Yen 870bn for the whole of September. The trusts, in the meantime, are keeping much of this money on deposit waiting for the market to show more of a trend. Cash ratios at domestic banks are now at

## Tokyo

around 30 to 40 per cent. Meanwhile, purchases of foreign bonds apparently hit a new peak of \$11.7bn in September.

rival Wall Street is not impressed with Mr Caulose's past performance and the betting is that First Interstate could still win the day if it raised its bid. Whatever happens, BankAmerica needs and is expected to sell some of its assets which may be snapped up by some of its more aggressive rivals, like Citicorp.

Finally, a spate of new share offerings have been announced this week. Coca-Cola unveiled plans for the biggest initial public offering in US history by announcing the planned sale of its big bottling operations at between \$21 and \$24 a share. Coca-Cola is a first-rate stock, but analysts are having difficulty valuing the offspring and the offer price could be reduced.

Navistar International, which used to be called International

Harvester, and Continental Illinois also announced plans to issue shares this week and in cases Wall Street reacted negatively. Navistar is planning to raise close to \$700m by doubling the number of shares in issue. It says it wants the money to clean up its balance sheet.

Meanwhile Continental Illinois parent, the government, has announced plans to sell a third of the stake it acquired two and a half years ago when it had to bail the bank out after a nasty run on its deposits.

MONDAY	1798.37	+ 5.20
TUESDAY	1800.20	+ 1.83
WEDNESDAY	1821.69	+ 31.49
THURSDAY	1836.19	+ 4.50

William Hall

# The frailty of the robusta market

WHEN A commodity price makes a substantial move for which the fundamental (supply and demand) justification is not immediately apparent, the standard explanation is that it is the result of "technical" factors.

This usually means buying or selling by the increasingly powerful futures investment funds based on "chart signals."

A recent example of this had been the London robusta coffee price, which has been surging back and forth like an over-enthusiastic neurotic, without making significant progress in either direction. The average daily price movement this week has been around £50 a tonne but the net result has been a gain of less than £60.

In the absence of fundamental developments, analysts have attributed this phenomenon to the activities of investment fund managers whose charts have been giving out "buy" and "sell" signals with monotonous

regularity, but little consistency.

As London's only truly volatile commodity futures market at present it is natural that coffee should be the main focus of "chartist" attention outside the financial futures markets. But this is still a source of some irritation to the more traditional traders who like to concentrate on fundamental factors.

"The trouble with these funds," one analyst commented recently, "is that they all tend to buy and sell at the same time."

It is a common complaint of the fundamentalists that chart predictions tend to be self-fulfilling because so much money is invested on the strength of the same price data analysed with broadly similar techniques. And they resent the fact that

fundamental factors are so often overwhelmed by these "technical" factors.

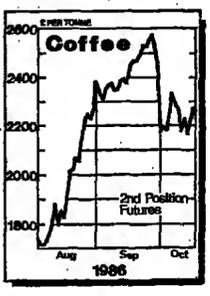
"But fundamentals always come through in the end," says Peter Swete of Sabre Fund Management. Although his company's fund managers are basically technical operators they

What the fund managers are looking for in a market, according to Mr Swete, is liquidity and volatility. The liquidity test rules out all London's commodity markets except coffee, cocoa and sugar, so Sabre's London operations have been concentrating on the financial futures and most of its commodity business is conducted on the US markets.

Larry Hite, managing director of Mint Investment Management Company, an ED & F Man subsidiary, agrees with Mr Swete on the importance of liquidity: "I can't go in if I can't get out," he explains. But he says he is not attracted by volatility. "I'm in the business of risk management... Gambling is exciting, but I don't get paid to get kicks."

Whatever the traditionalists think of them, the investment

funds are undoubtedly crucial to the future prosperity of London's commodity markets, the business they represent is simply too big to be ignored.



Current signs are not good, however. Although he does not rule out the possibility of a short term rally (helped by higher interest rates) Mr Swete says the general feeling is that commodity prices will drift lower in the longer term. That would not help the liquidity which London's futures markets need so desperately.

Mr Hite is not very optimistic about London's commodity prospects either. "The tin crisis has hurt London in America very much," he says. He stresses the importance of the smaller investor, as represented by the funds. "London needs to get more consumer oriented," he insists, "and it has got to provide liquidity."

If London's commodity futures do not recover, however, Mr Hite will shed few tears. "I don't see cocoa, I don't see coffee," he admits. "I see numbers and I see risk. I'm only interested in money."

Richard Mooney

"The leaders backed off, which induced nervous selling, which led to strategic selling, which in turn resulted in margin calls for many investors," said one foreign broker yesterday.

To many brokers, the correction in the Tokyo market has been welcome. After all, shares were changing hands at a price of 58 at the peak, compared to 32 about a year ago. And all the excitement was going on while Japan's economy was moving into lower gear because of the effects of the stronger yen on export margins.

"It's really the best thing to happen all year," crowed another broker yesterday. "The leaders went much too far and created a dealing market. The market has never had much reality, but recently it was openly mocking reality." Really, it seems, has had its revenge.

Foreigners largely checked

Brokers remain split about the future of domestic stock investment, over whether or not to buy those companies who will benefit from the money Japan says it plans to spend on roads, houses and public works projects over the next few years. Most feel these expectations have been well discounted, others say the spending has hardly begun so there is more to come.

As for those shares that have fallen out of bed, the damage has not been too horrible to date. Tokyo Electric Power, the superstar stock of the summer, is about ¥1,000 off its peak of ¥7,600, and others are not too worse or better off.

Not surprisingly, some of the stocks most hit by the recent siphage have been the big Japanese brokers. Daiwa and Yamachi have already fallen by almost 30 per cent, Nomura has lost 25 per cent of its value.

Carla Rapoport

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## INVESTORS CHRONICLE

Money made easy.

## A FIXED PRICE OFFER OF A NEW UNIT TRUST

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# Allied Dunbar announce THE LAUNCH OF THE Worldwide Asset Value Trust

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A strong investment must be built on a broad base. The Worldwide Asset Value Trust is built across an extremely broad base of investment—company assets around the whole world. It is a new unit trust which sets out to combine the growth potential of a conventional unit trust—with the security of an asset base.

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**ABOUT ALLIED DUNBAR**  
Established in 1934, Allied Dunbar Unit Trusts has a track record of over 50 years of successful investment management. As one of the founding companies of the unit trust movement (and today one of the very biggest in the field) we can demonstrate an impressive record of solid and consistent growth.

We are part of the Allied Dunbar group which, with over £4 billion in funds, managed on behalf of over a million clients can now claim to be one of the most substantial financial services groups in the UK.

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The Worldwide Asset Value Trust is a unique opportunity for you to enjoy the prospect of maximum capital growth through managed investment in international markets. Suitable for the investor with a minimum of £1,000 to invest, the new fund is an ideal core holding for the international content of any portfolio.

Remember the price of units and the income from them can go down as well as up.

Also, past performance is not necessarily a guide to the future. In view of this your

income should be regarded as a medium to long term holding.

To make your investment complete and post the application below with your cheque. We must receive this before close of business on November 7th 1986 for your units to be allocated at the initial offer price of 25p each—after that date units will be allocated at the prevailing offer price. For your information, the gross estimated starting yield of the trust is 19% per annum.

**IMPORTANT INFORMATION**

- Unit prices and yields are quoted daily in the national press.
- The trust is authorised by the Secretary of State for Trade and Commerce by a Trust Deed. It has a "wider range" investment which the Trustee Investments Act 1964.
- The Trust Deed permits the manager to include an initial net charge of 5% in the offer price, out of which 2% represents a cost to qualified investors, returns available on request.
- Net income will be distributed yearly on 10th October with the first distribution taking place on 10th October 1987. An annual fee of 1% (plus VAT on the value of the fund as deducted half) will be charged on gross income to meet management expenses (including the Trustee fees). The Trust Deed allows for a maximum annual level of 2% (plus VAT) for any charge to be levied on 31st October in respect of the trust.
- Applications will be acknowledged and certificates will be posted approximately 6 weeks later.
- On any business day you may sell all or part of your unit holding back to the manager at not less than the bid price, calculated using formula approved by the Department of Trade, within 10 working days of instruction. You will be sent a cheque in settlement normally within 7 business days of receipt by the manager, of your requested unit certificates.
- Subsequent Allied Dunbar Unit Trusts plc is a member of the Unit Trust Association, Allied Dunbar Centre, Swindon, SN1 1LL. Telephone (0753) 52521. Director: The Royal Bank Scotland plc.
- The offer is not open to residents of the Republic of Ireland or to minors, citizens, residents, or companies of the United States of America.

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A fixed price offer open until November 7th 1986.

Please post with your cheque to: Allied Dunbar Unit Trust Deeds, FREEPOST, Swindon, SN1 1LX.

I/We wish to invest £\_\_\_\_\_ in the Allied Dunbar Worldwide Asset Value Trust at the fixed price of 25p per unit (minimum £1,000) and enclose a remittance payable to Allied Dunbar Unit Trusts plc.

If you wish to have net income re-invested please tick box:

This offer will close on November 7th 1986.

After the close of this offer, units will be available at the daily quoted price.

I/We confirm that I/we are aged over 18. Joint applicants must complete details and sign separately. SIGNATURES PLEASE

(Surname) Mr/Ms/Miss \_\_\_\_\_  
First name(s) \_\_\_\_\_  
Address \_\_\_\_\_  
Postcode \_\_\_\_\_  
Signature \_\_\_\_\_ Date \_\_\_\_\_

**JOINT HOLDER**  
(Surname) Mr/Ms/Miss \_\_\_\_\_  
First name(s) \_\_\_\_\_  
Signature \_\_\_\_\_ Date \_\_\_\_\_

Are you an existing client of Allied Dunbar?  Yes  No

Name/address of your existing financial advisor \_\_\_\_\_

AFV/18/10

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FINANCE & THE FAMILY

Nikki Tait on commission rates

Nightmares ahead

BIG BANG has been landing with an unpleasant thud on small investors' doorsteps this week.

With just over a fortnight to kick-off, stockbrokers are starting to notify private clients about their dealing charges after October 27.

For full portfolio management, clients will pay exactly as at present. But if you simply want a brief consultation before delivering your order, there will be an intermediary "QuilterSelect" service, with charges pitched midway between the existing scale and the dealing-only rates.

EXISTING MINIMUM COMMISSION SCALE ON EQUITIES

Table with 2 columns: Commission %, Band £. Values range from 0.4% to 1.65% and £10,000 to £7,000.

The tables with this article are far from comprehensive—but they are indicative, both of the thinking at large City firms, country brokers and their new rivals, the financial conglomerates and US-style discount brokers.

At all levels, the dealers are trying to separate clients who simply wish to deal from those who want advice. For advisory services, most brokers are sticking close to current commission rates—in many cases simply smoothing the present structure downwards on more sizeable bargains (over £15,000, say).

But perhaps the most interesting structure belongs to Quilter Goodison. In its efforts to woo clients away from lengthy chats with hard-pressed fund managers, the firm has introduced three, rather than two tiers, of service.

SHARE-BUYING CHARGES POST-BIG BANG

Table with columns: Broker, Large City Firms (Advisory rate, Dealing-only rate), Non-City Firms (Advisory rate, Dealing-only rate). Lists brokers like Kleinwort Greaveson, de Zoete, Hoare Govett, Quilter Goodison, Henry Cooke Lumsden, Wood Mackenzie, National Investment Group, Allie Provincial Securities, National and Provincial Building Society, Stock Beech.

So who, if you are paring costs to the minimum, will be the cheapest? The answer depends partly on the size of bargain—but on anything over £2,500 it looks as if DBI, the first discount brokers to set up shop in London, will have the edge.

Make no mistake—the difference between the costs of the dealing-only services is wide. The same £2,000 bargain could cost as much as £49.50 or as little as £25—a difference compounded when the investor pays VAT on top of the basic commission cost.

What, though, is to stop the canny private client from being an advisory client with one broker, yet doing a good portion of his business via a dealing-only service? Having chingwedged with his advisory broker, he asks to think about the advice—and promptly deals on the cheap.

Most brokers — like Hoare Govett or Henry Cooke Lumsden—aim to prevent that happening to-hoax by insisting that clients can belong only to one or other scheme. But privately, many firms suspect that there will be some inter-broker misbehaviour—and just hope the damage will be limited.

How big do you have to be before it is worth baggling? "Some clients will feel they have a case, but on portfolios below £250,000 there really isn't much scope," says Hoare Govett. But that is a big City firm talking. To a country broker, you may be a valued client for a lot less.

Advice to the unwary abroad in the City, or

HOW A YOUNG UPWARDLY MOBILE BEE FELL FOUL OF A DASTARDLY VEGETABLE PLOT.

It had been the very essence of an English summer's day. Buckets of rain, a skittering of sleet, massed ranks of cloud. But now the rain had stopped. A segment of sun peeped through. The lawn sparkled like a jeweller's window.

Perched on a branch high above the flower beds, he mocked their hollyhocks, scorned their cornflowers, chuckled at their honeysuckle. For, lurking behind the cold frame at the head of the garden were the biggest flowers he'd ever seen. Great white globes, eight or nine inches across. Like an actor in a beamovie, he tugged up his collar and glanced around shiftily. Good: the coast was clear.

On whirring wings, he divebombed the first enormous flower head. He sniffed the air: there was no bouquet. He rummaged for the nectar, delved deep for the pollen. But the cauliflower in spite of its name, had none.

The City, too, has its quota of people with harebrained schemes for extracting uranium from Arctic sleet or honey from cauliflowers. Naturally, they all come with promises of positively gargantuan returns. But our shrewd investor will always opt for a scheme that is much more soundly based. With their wealth of experience and the resources of Mercury Warburg Investment Management, Mercury can supply you with all the help and advice you need.



For details of our ten unit trusts, please write to: The Client Services Director, Mercury Fund Managers Ltd, FREEPOST, London, EC4B 4DQ, (01-280 2800) or contact your usual financial adviser.

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BANKS

Table with columns: Bank, Dealing-only rate. Lists Lloyds and Midland with their respective rates.

DISCOUNT BROKING

Table with columns: Broker, Dealing-only rate. Lists Discount Brokers and International (UK) with their rates.

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Perhaps the bravest man lever knew...

and now, he cannot bear to turn a corner.

Sheep-herd Sergeant 'The G' 'A', DCM, was perhaps the bravest man his Colonel ever knew. But now, after serving in Aden, after being hoody-trapped and ambushed in Northern Ireland, Sergeant 'The G' cannot bear to turn a corner. For fear of what is on the other side. It is the bravest man and woman from the Services that suffer most from mental breakdowns. For they have tried, each one of them, to give more, much more, than they could in the service of our Country.

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# Eric Short on the advantages of taking efforts to repel burglars Keep guard on your own manor

AT LAST insurance companies are coming to grips with the question of rewarding careful householders with lower premiums for their house contents insurance.

There have been one big bear of insurance companies operating in the UK, particularly those from homes — most of which are soft targets for burglars. Last year companies paid out £200m on theft claims from homes and a further £27m on all risks policies.

Insurance companies have been tackling the problem in the classical manner — putting up premiums. In the high risk inner city areas premiums have doubled or even trebled.

Now the companies are looking at the other side of the financial equation by seeing how they can bring down claims costs; in particular reduce the number of theft claims by making householders more security-conscious.

So far companies have concentrated on exhortation and education to make people security-conscious. Now they are looking at encouragement through lower premiums — action that has been urged on them by many eminent persons including Mrs Thatcher.

The problem facing the insurance companies is that the cost of checking out security measures taken by individual householders more than outweighs the premium reductions that could be given.

Some, like Royal Insurance and Sun Alliance, have concentrated efforts on up-market houses where the values of the contents is likely to be high. But Legal and General, with its new Homesafe policy has gone down market. It has gone back to basics and considered what factors are likely to deter the opportunist thief, responsible for nine out of 10 burglaries.

Basically this thief requires three conditions — easy access to the house, the likelihood that the house has enough high valued items to make the break in worthwhile and time to

search without fear of interruption. The Homesafe policy will apply to those households that deny such conditions.

So the police sets conditions:

- the house must be occupied or being bought on a mortgage.
- It must not regularly be left unoccupied. This provision is aimed at places left unoccupied for several hours during the day — where both owners go out to work.
- The total value of high risk possessions — TVs, videos, jewellery, etc — does not exceed £5,000. In effect this condition keeps the average size of claims down rather than discouraging thieves.
- The householder has not made any claim on his contents insurance during the three previous years. One could argue that this should only apply to theft claims. Legal and General want to exclude the persistent claimant, but they would interpret this condition liberally for non-theft claims, such as a burst pipe damage claim during a big freeze-up. These two factors entitle the householder to the Homesafe policy.
- The householder must be prepared to fit within 28 days adequate locks and bolts on doors and windows up to the required standard which L & G refer to as the D (for Deterrent) Factor. The company emphasises that in general alarm systems are not required to meet this factor.

To encourage householders to fit the devices, Legal and General has prepared a leaflet explaining what should be done and is offering a 10 per cent discount of the cost of these devices sold by Chubb.

Homesafe has its own premium rates which vary between 16 and 20 per cent less than the premiums on the normal house contents policy. Legal and General is identifying a class of lower risk houses and rating accordingly. Like all house contents policies, premium rates vary with district. Rates for London and other inner cities

District (postcode)	Homesafe	H & FT	Premium Savings
Birmingham (B1)	126.50	165.00	23.50 (16%)
Bristol (BS1)	69.00	82.50	13.50 (16%)
London (N1)	168.00	216.00	48.00 (29%)
Glasgow (G1)	108.00	127.50	19.50 (18%)
Liverpool (L1)	168.00	216.00	48.00 (29%)

Home and Personal Insurance contract

are higher than country districts. Legal and General has 10 rating districts by postcode. Examples of the premium differences are given in the table.

During the first 28-day period, the householder is fully covered. After that full coverage is only given if the security measures are used at all times. If the doors or windows are left unlocked and a burglary occurs, the householder is not left without insurance cover, but has to meet the first £500 of any claim.

If the burglar uses keys to obtain entry, and this implies some degree of expertise, then cover is complete.

If conditions change, such as a housewife returning to work, or the value of high risk possessions rise above the limit, then the householder is no longer eligible for Homesafe and has to switch to the normal house contents policy. But making a theft claim itself does not mean you no longer qualify.

The lead in cheaper insurance for the security-conscious was taken by London Insurance broker John Brownhill of Brownhill, Morris & West (Insurance Services) with the Neighbourhood Watch Householder Insurance Scheme.

This was discussed in these columns earlier this year, but essentially householders in the London postal and old GLC area can get full contents insurance cover at half the normal premium providing they can meet the following requirements:

- The house has adequate security precautions especially key-operated security locks on windows. Each property is surveyed by a member of the firm.
- The householder is a member of a neighbourhood watch scheme that has a high level of coverage in its area. The scheme, now in its third year, was designed by John Brownhill in close collaboration with crime prevention officers.
- If the security measures are not used then there is a £500 excess on theft claims. The other unique feature of the scheme is it offers a no-claim bonus with a discount of 15 per cent on premiums after the first year if no claim is made, 20 per cent after the second year and 25 per cent after the third and later years.

Insurance companies have resisted all calls to introduce a no-claims bonus system for house insurance, the underlying reason being the administrative problems. John Brownhill handles all the administration on the scheme still using a card filing system and can run this no claims bonus system without costing a lot of money.

The scheme is underwritten by General Accident, so it has quality insurance backing. GA has just taken over from Lloyd's syndicates as insurers and it would not have done so at such low premiums in the UK if the experience had been anything but good.

The scheme has over 500,000 policyholders and John Brownhill attributes its success to his intimate knowledge of London and close co-operation with crime prevention officers. For this reason it is not available outside the old GLC area.

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## Schroder surprises

NEWS THAT Schroder Financial Management, one of the leading names in the unit trust sector, is being taken over by the little known UK subsidiary of National Mutual Life Association of Australasia, came as something of a shock.

During the past six years or so Schroder's has grown enormously, extending its traditional life and pensions business into unit trusts, which have rapidly established a good trading record. In this relatively short time Schroder's has moved up to seventh spot in the league table of unit trust management companies, raising its funds under management from £87m to £1.1bn, with 50,000 unit holders.

So why is the company changing hands? According to Ian Sampson, managing director of Schroder's unit trust arm, two reasons persuaded the parent company to sell its fast-growing subsidiary.

One is that in order to sustain growth, a good deal more capital will have to be provided to fund further expansion, either by acquiring distributive outlets such as an estate agent or a building society, or by employing more salesmen.

The other reason is that the parent company itself needs additional capital if it is to follow its own expansion plans elsewhere in the wholesale markets. So it made sense to sell for £100m, a subsidiary valued on its books at only £22m.

Total market capitalisation of Schroder's, a quoted company held by family trusts, is put at only £180m. So to receive £88.8m is a useful way of boosting funds without having to resort to a rights issue that would dilute the family trust holdings.

The search for a potential buyer included such well known names as Standard & Chartered and Allianz. The highest bid eventually came from the Australasian group — an old established life insurance and financial services company that has recently adopted an aggressive expansion policy. It is now Australia's second largest life insurer, number one in New Zealand, and it has also moved into Hong Kong. Its worldwide assets exceed £6bn so it will be able to provide powerful backing for Schroder's Financial Management.

During the first three years after the takeover, it completed (with a deadline of December 31) to allow for formal approval by the Office of Fair Trading and the Department of Trade and Industry) the merged com-



Ian Sampson

panies will trade under the name of NM Schroder. Former parent company Schroder's plc will retain the investment management of funds for the three year period and take back, permanently, some of the exempt funds held, mainly by Schroder private clients.

After that the new company will go its own way under a new name, almost certainly with a change of investment management for at least the bulk of the funds. This somewhat complicated arrangement gives assurance to existing unit holders that the same investment management will continue for three years.

According to Mr Sampson, the aim is to keep them happy for the next 2-3 years. He says the two companies will fit well together, the life assurance side of Schroder's receiving substantial benefit, and no disadvantages for the unit trust sector.

NM's sales force of some 300 sells mainly conventional insurance products, while Schroder's 350 salesmen deal in a wider range. But one of Schroder's strengths is that it has very strong sales via brokers too.

National Mutual of Australasia, which has no connection with the National Mutual Life, a UK company in London, appears to have paid a substantial price for the goodwill of Schroder's Financial Management. It is already planning a new £8m headquarters building in Pools, Dorset, and according to Eric Mayer, group chief executive in Melbourne, aims to become a new force in the UK market.

John Edwards

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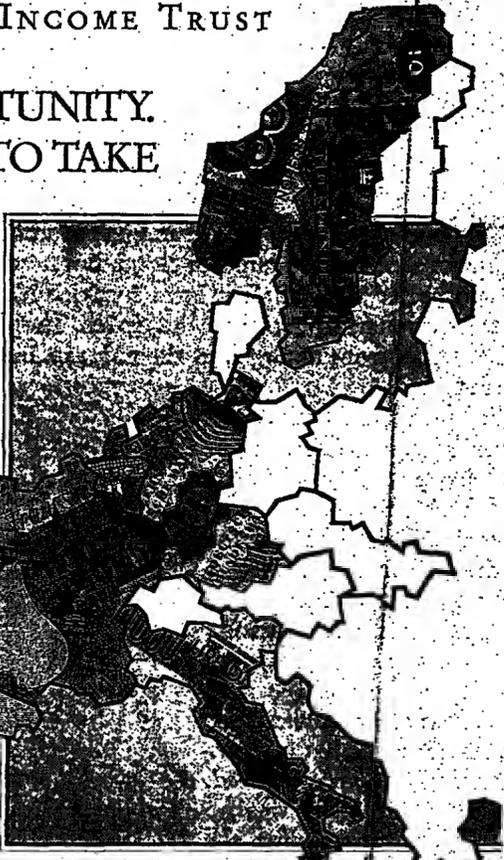
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You should remember that the price of units and the income from them can go down as well as up and you should regard any investment as long term.

### ADDITIONAL INFORMATION

Distribution of income will be paid on 31st March and 30th September, the first payment being on 30th September 1987. The estimated gross annual yield is 4.5% (11.10.86).

Contract notes will be issued and estimates will be provided within eight weeks of payment. To sell units endorse your certificate and send to the managers; payments based on the ruling bid price will normally be made within seven working days.

Unit Trusters are not subject to capital gains tax; moreover a unit holder will not pay this tax on a disposal of units unless his total realised gains from all sources in the tax year amount to more than £6,300 (1986/7). Prices and yields can be found daily in the national press.

An initial charge of 5% of the assets (equivalent of 5% of the issue price) is made by the managers and is included in the price of the units when issued. Out of the initial charge, managers pay remuneration to qualified intermediaries, rates available on request.

An annual charge of 1% (plus VAT) on the value of the Trust will be deducted from the gross income to cover administration costs, with a provision in the Trust Deed to increase this to a maximum of 2% on giving three months written notice to the unit holders.

Trustees: Midland Bank Trust Company Ltd., 11 Old Jewry, London EC2R 8DL.  
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The Henderson Unit Trust Management Ltd., Dealing Department, 5 Finsbury Road, London, EC2A 1DA. (Minimum £500 in the Henderson European Income Trust at the launch price of 50p per unit and enclose a cheque payable to Henderson Unit Trust Management Limited. If you wish to have an account opened please tick the box.)

I/We wish to invest £\_\_\_\_\_ per month (minimum £25) in the Henderson European Income Trust and enclose a cheque for this month's investment payable to Henderson Unit Trust Management Limited. Details on how to make subsequent payments will be sent to you on receipt of this coupon. Please send separate cheques if you wish to invest both a lump sum and a monthly subscription. This offer will close at 5.30pm on Friday October 31 1986. After the close of this offer units will be available at the daily quoted price. Joint applications must sign and attach full names and addresses separately.

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## TSB winners and losers

THE TSB flotation prompted a number of complaints from disgruntled investors who were unsuccessful in obtaining shares. Some, perhaps harbouring suspicions that the allocation had not been entirely fair, had wanted to know how the ballot had been conducted.

The problem faced by the receiving banks handling the issue was that they had to be not only fair, but fast; and with some 5m applications to handle, it is perhaps not surprising that one of the short cuts they took produced some quirky effects.

As all the application forms poured into the banks, they were first sorted into preferential and non-preferential applications, and then into categories according to the number of shares applied for. But the crucial next step taken to make the quantities manageable was to sort them into bundles of 50.

Once the decision was taken to ballot out exactly half the non-preferential applicants, the rest was easy: half the bundles in each category were rejected and the other half were chosen to be lucky recipients of shares.

The unfortunate consequence of this was that if, say, all the members of a given family had applied for the same number of shares and submitted their applications together, the chances are that their farms would have ended up in the same bundle; so either all will have received shares, or none.

In one sense there was nothing unfair about this method because it was still totally random and the odds against any single applicant obtaining shares in the issue were still 50-50. But in retrospect, it can be seen that the members of our imaginary family would have stood a better chance of obtaining at least some shares in the issue if they had known about the sorting method in advance and submitted their applications separately.

Lazard Brothers' merchant bank handling the TSB flotation, feels it was inevitable that some method had to be employed to deal with the logistical problems of responding to so many applications in the time available.

British Gas will pose worse problems still, so perhaps people should bear in mind the TSB experience before deciding whether using one postage stamp for the whole family's application forms really is an economy.

Richard Tomkins

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(Incorporated in England under the Building Societies Act 1974)

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18th October 1986

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Name: \_\_\_\_\_  
Address: \_\_\_\_\_

\*Enter number of Stocks chosen totalling £35,000 in units of £7,000

Entry number (do not use)	1st choice	2nd choice	3rd choice	4th choice	5th choice	Estimate of FT SE 100 Index on 23/9/87

**How to Enter**—You have £35,000 to invest in up to five different stocks from the FT-SE 100 Index in blocks of £7,000. Select the stock or stocks you think will rise in price most during the year ending September 23, 1987 and the amount you want to invest in each stock. Then put the appropriate number from the shares, listed in the accompanying table into the

five separate boxes, representing tranches of £7,000 each. For example if you want to put the whole £35,000 into Allied-Lyons you would put the number two in all five boxes. But if you wanted to put £14,000 in Allied-Lyons; £14,000 in Barclays and £7,000 in Willis Faber you would put the numbers, 2, 2, 1, 1 and 99 in the five boxes. If you

choose to put £7,000 in five different stocks then put their appropriate numbers in the five boxes. Numbers 2, 11, 48, 75 and 99 would represent £7,000 invested in Allied-Lyons, Barclays, Jaguar, Reuters and Willis Faber. Do not forget to put your estimate of the FT-SE 100 Index on September 23 1987. On September 23 1988 it was 1,610.00.

Investors' pro-am



THE CHANCE to pit your investment skills against the professionals, and benefit charity at the same time, is provided by the FT Readers Race, which is running alongside the Great Investment Race for professional fund managers. It is somewhat different test of skill but still benefits charity as well as giving you a continuing interest in how your share, or shares, are performing during the next year or so.

value portfolio based on the FT-SE 100 prices quoted in the FT on September 23 1987—will receive £2,500 worth of Prudential unit trusts donated by Prudential Unit Trust Managers, the sponsors of the race.

To avoid the risk of a tie, entrants must also guess the level of the FT-SE 100 index quoted in the FT on September 23 1987.

You pay £10 to enter the Readers Race and the money raised will be donated to charity by Charity Projects, organisers of the Great Investment Race.

Readers should complete the entry forms above and send it, together with a cheque or postal order for £10 made out to Charity Projects, to the Financial Times, Bracken House, 10, Cannon Street, London, EC4A 3DF. All envelopes must be marked Great Investment Race for easy identification.

Entrants for the Readers Race have to assemble a mythical portfolio, worth a total of £35,000, from a choice of up to five companies selected from the FT-SE 100 Index based on the share prices quoted in the FT on September 23 1987—the day the Great Investment Race began. The eligible companies, together with the relevant prices, are shown in the table accompanying the entry form.

The reader with the winning entry—showing the highest

FT-SE 100 Companies with prices as quoted in September 24 issue of The Financial Times

1 ASDA-MFI (150)	51 Lead Securities (314)
2 Allied-Lyons (3057)	52 Legal & General (280)
3 Anglo Group (337)	53 Lloyds Bank (445)
4 Anglo-Scottish (312)	54 Lloyds (22)
5 BAT Ind. (440)	55 Lucas Ind. (505)
6 BEY (380)	56 M&P (317)
7 BICC (288)	57 Marks & Spencer (201)
8 BOC (315)	58 Midland Bank (570)
9 BPE Ind. (483)	59 NatWest Bank (567)
10 BTR (300)	60 Northern Foods (270)
11 Bunting (408)	61 Overseas (280)
12 Bunn (725)	62 P & O (250)
13 Bunnings (403)	63 Pillsbury Bisc. (435)
14 Bus. Circle Ind. (540)	64 Plancy (170)
15 Buxton (221)	65 Prudential (830)
16 Brit. & Commonwealth Shipping (230)	66 RMC (625)
17 British Airways (425)	67 Reed Electronics (172)
18 British Petroleum (620)	68 Rent. Organisation (423)
19 B.P.C.C. (275)	69 RHM (260)
20 British Telecom (184)	70 Rodick & Colman (812)
21 British (123)	71 Rowntree (439)
22 British (140)	72 Royal Ind. (273)
23 British (302)	73 Rowntree (439)
24 Cable & Wireless (305)	74 RTZ (534)
25 Cadbury Schweppes (177)	75 Rowntree Macintosh (408)
26 Castle (400)	76 Royal Bank of Scotland (340)
27 Commercial Union (280)	77 Royal Ind. (273)
28 Com. Gold Fields (553)	78 Sainsbury (1) (402)
29 Connaught (477)	79 Sainsbury (2) (402)
30 Courtauld (287)	80 Scottish & Newcastle Breweries (285)
31 Cowi Corp. (250)	81 Sears (114)
32 Crown (362)	82 Shell Ind. (243)
33 English China Clay (318)	83 Shell Transport (310)
34 Fisons (573)	84 Smith & Nephew (138)
35 GKN (257)	85 South (250)
36 General Accident (827)	86 Standard Chartered (718)
37 GEC (174)	87 STC (480)
38 Glaxo (365)	88 Sturtevant (323)
39 Glaxo Ind. Trust (116)	89 Sun Alliance (480)
40 Granada (286)	90 Tarmac (460)
41 Grand Metropolitan (408)	91 Tesco (405)
42 Great Universal Stores W (1310)	92 Thos EM (470)
43 Guinness Royal Exchange (792)	93 Tinseltown (251)
44 Gwent (25)	94 Tinseltown (251)
45 Hammarston Property (400)	95 Unilever (317)
46 Hanson Trust (190)	96 United Biscuits (230)
47 Harrow (483)	97 Wadsworth (250)
48 ICI (511)	98 Whitbread (250)
49 Jaguar (533)	99 Willis Faber (450)
50 Ladbroke (305)	100 Woolworth (640)

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Christine Stopp watches the unit trust groups jumping onto a new bandwagon

The big change to convertibility

IN THE fashion-prone world of unit trusts, convertible trusts may be the latest mini-craze. Framlington is the only group at present to run a convertible trust with a long-term performance record, though Prolife's Convertible and Gilt Trust, which was a gilt growth trust until November 1985, now has almost a year's figures under its changed management objective.

Windsor launched its Convertible and Equity Trust in March, and Baillie Gifford is the latest to enter the sector with its Convertible and General trust, first advertised last weekend. Another convertible trust is expected from Allied Dunbar, which expects to be switching its gilt growth trust to convertibles later this month.

The managers who already run convertible trusts are enthusiastic about their qualities, and say they cannot understand why more groups have not jumped on the bandwagon. Convertible trusts are particularly appropriate at the moment, with the emphasis on relatively low-risk trusts to persuade the building society investor to change his allegiance.

The beauty of these trusts, according to Martin Harrison of Prolife, is that they offer a reasonably good income while having "defensive qualities over an equity fund," since the price of convertibles tends to track that of equities, but with

CONVERTIBLE TRUSTS

All figures offer-to-bid to October 8, 1986

Yield Performance over %	1 yr			3 yrs			5 yrs		
	1 yr	3 yrs	5 yrs	1 yr	3 yrs	5 yrs	1 yr	3 yrs	5 yrs
<b>Income reinvested</b>									
Prolife Conv. & Gilt	5.9	13.4	—	—	—	—	—	—	—
Framlington Conv. & Gilt	5.5	7.8	48.5	126.3	—	—	—	—	—
UK Fixed Income sector ave.	9.6	0.1	19.3	77.1	—	—	—	—	—
<b>Income not reinvested</b>									
Prolife Conv. & Gilt	—	9.5	—	—	—	—	—	—	—
Framlington Conv. & Gilt	—	3.4	31.0	77.0	—	—	—	—	—
UK Fixed Income sector ave.	—	6.3	3.9	21.3	—	—	—	—	—

Source: OPAL



the premium is neither here nor there, and you're getting a good yield in the meantime.

In practice, most convertible trusts will probably not exercise their conversion rights, but will trade in and out of the shares prior to the exercise date. Allied's trust deed will actually prevent the managers from holding equities. Before launch, the group has been running a dummy portfolio which is 40 per cent in convertibles and 60 per cent in gilts. It expects these proportions to be reversed once the fund is up and running.

Baillie Gifford's trust is expected to be at least 85 per cent in convertibles, with the balance in high-yielding equities. Prolife has a similar percentage in convertibles, backed up by about 14 per cent in preference shares. Framlington holds about 75 per cent convertibles with the rest of the fund in gilts, and Windsor in 90 per cent invested in convertibles, with a small equity participation.

Both Prolife and Windsor have found this type of fund to be specially popular with the investor. Prolife has taken in almost £12.5m since launch, and Windsor's trust, at £3.5m, is its biggest. In addition to its appeal to the investor seeking a low-risk way into unit trusts, David Lis also points out that convertible trusts should be attractive as PEPs vehicles, since the income can be taken tax free.

more moderate movements in each direction.

In other words, the convertible will benefit to a modest degree when its related equity price rises, but when the equity price falls, damage to the convertible will be limited. The income stream is a further measure of protection which should be attractive, given the current uncertainty about where the world's stock markets go from here.

As far as the income fund manager is concerned, convertibles have the advantage that they enable him to invest in growth companies—Hanson and Saatchi are the two universally quoted—where the yield on the ordinary shares would be prohibitively low.

Given the scarcity of data, it is hard to generalise about performance, though these will obviously be steady performers

rather than industry-beaters. Framlington's trust has stayed at the top of its sector for most of the period since its launch, though Prolife has now slipped into the number one slot in the one-year figures.

Prolife is crowing about the performance of its trust over the year since launch. The movement of its offer price over that period has outperformed the Government Securities Index and also, by a small margin, the FT All-Share Index.

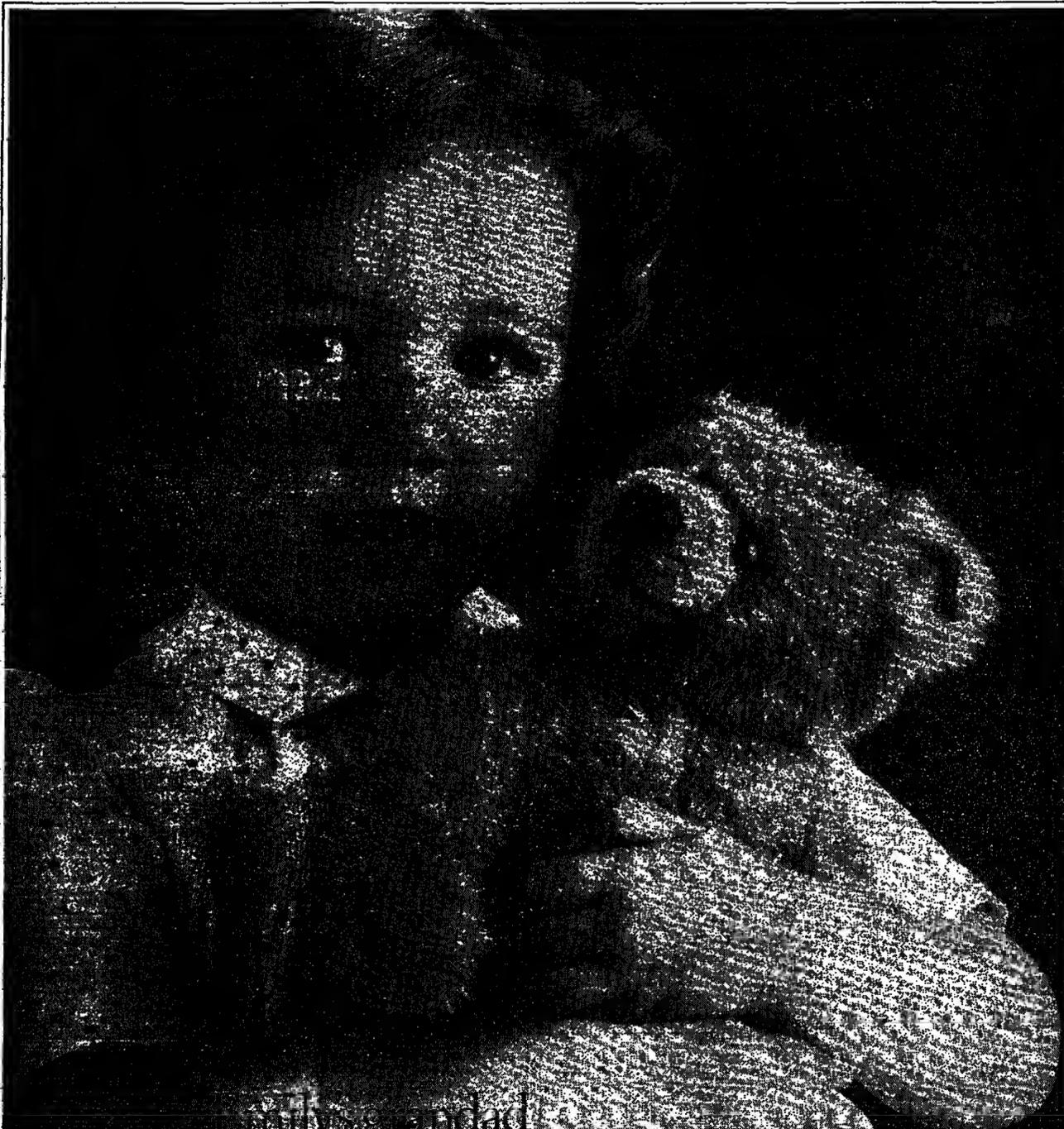
Framlington's trust achieved an annual compound growth rate of 12.6 per cent excluding income from launch to the end of June this year, though keeping this record up may be getting more difficult, since the bulk of new convertible issues is in convertible preference shares, not the loan stock which Framlington's fund invests in.

The new convertible trusts

seem to be going for higher yields than Framlington and Prolife offer. Windsor was quoting 7.7 per cent on October 8, and Baillie Gifford expects starting yield of 8 per cent.

Douglas McDougall of Baillie Gifford says that his fund was inspired simply by the recent volume of convertible issues. "We felt these were inefficiently priced. You're not paying much of a premium for yield plus downside protection. You can also get a big yield through convertibles without sacrificing quality."

Windsor's David Lis reinforces the point. "You might pay a 20 per cent premium for the convertible, but if the stock doubles in value over five years,



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# Watering the land

On January 1 I bought an old farmhouse freehold. There were no problems evident on the deeds, and in fact there is no special problem at this moment. At the time of the completion however the vendor told me that he was using an extra piece of land at the bottom of the garden and that he paid £5 a year for using it. Since then no one has approached me to ask for the £5, and my neighbour informs me that nobody ever pays the £5 because the land is used in exchange for the fact that the water supply to the small market garden nearby is drawn from my domestic supply!

I have checked this, and find that there is a stop-tap at the end of my garden, and that there is an ancient iron water pipe supplying the market garden. I have been through the deeds most carefully and there is no mention of any easement, or right, or obligation for me to provide the water.

I have just heard that a builder is trying to buy the market garden, but has so far failed to get access across other properties. I am concerned in case someone tries to prove the use of the extra land in connection with my supply—what should I do? Presumably if ever I am asked to relinquish the piece of ground I can then turn off the water?

There is one other simple question, a neighbour is growing ivy on one of my boundary walls which also happens to be our studio/study. I have no right of access to his property to maintain the wall. The ivy is affecting the roof slates and the guttering, and I suspect is forming roots inside the bending in the stone wall. I have previous experience of the damage that ivy can do to an old house. The neighbour is a very toady character. Have I any right to force down the ivy from my roof, and leave him to dispose of it?

You should invite the owner of the market garden to agree in writing that the position is as you understand it to be, that he uses the water with the permission of the owner of your land and that such owner has the use of the extra land in consideration of that licence. If the market garden owner will not accept that, you can cut off the supply and force him to make his claim clear. If he claims an easement by prescription you may in turn have acquired the land by adverse possession. A prescriptive easement will be limited to use for the purposes of a market garden, and will not extend to the accommodation of buildings

which were not constructed on the land during the period of 20 years necessary to prescribe for an easement. You can deal with the ivy as you suggest.

## Search for lost will

My sister has died and I find that she signed a Will, dated 1964, in the presence of solicitors who have retained a copy on their files, the original Will having been handed to my sister for retention. Under this Will I was appointed executor and sole beneficiary. I have been unable to find the Will, or any later Will, amongst my sister's papers. My sister was unmarried and had no dependents but there is one other brother from whom both my sister and I have remained estranged for 25 years as a consequence of litigation concerning our parents' Will. Can you advise me what position I am in with regard to my sister's Estate and how I should proceed. You can seek to have the copy Will admitted to probate on your swearing an affidavit setting out all the facts and showing that there is no reason to believe that your sister destroyed the Will with the intention of revoking it. You may care to instruct the solicitors who hold the copy Will to handle the matter.

## House for disabled son

I own a house (outright) in the country and in 1982 I bought (with cash) a house in London for my disabled son. He has now bought a house of his own, and I have put the property where he was living on the market for £75,000 (I paid £23,000 for it).

Can you tell me how much tax I will pay on the profit from the sale, and are there any ways in which I can reduce this liability? Will the purpose for which the second building was bought (bearing in mind my son's condition) be taken into account, for example?

Also, if I wanted to make some cash gifts to my children, will this help regarding my tax position (and theirs) or just make matters worse. I am 60 years old and live on a state pension, plus a small income from shares.

If your son's disability is such that it can be said that he is incapacitated by... infirmity from maintaining himself, you should escape CGT by virtue of section 105 of the Capital Gains Tax Act 1979. Ask your tax inspector for the free pamphlet CGTs, which you have no doubt seen mentioned in our columns from time to time.

The solicitor who acts for you in the sale of the house will be able to guide you on the tax aspects, and on the question of gifts to your children. In principle, gifts of cash or shares are a good idea (so long as you have enough to live on).

## Redundancy investments

I was made redundant in 1983 and invested my £15,000 in unit trusts with a few thousand in shares. The investment is now worth about £23,000. I would like your advice on the tax position, particularly regarding Capital Gains Tax, should I need to sell all my holdings at once, this is likely in the near future. I am a married woman and have a child jointly with my husband. If you had invested the £15,000 in December 1983 and had sold everything in July of this year for £23,000 (and if neither you nor your husband had any other capital gains in 1986-87), you would have no CGT bill to pay, because the £8,000 gain would be covered partly by indexation relief and partly by exemption for the first £8,300 of net chargeable gains for 1986-87.

Proceeds of sale in July 1986	394.7	23,000
Cost in December 1983	342.8	15,000
	41.9	
Indexation relief:		
41.9		
41.9 x £15,000 =	1,633	
342.8		16,833
Chargeable gains		6,167
Exempt amount for 1986-87		6,300
Unused balance for exempt amount		£ 133

Of course, the precise calculation of the chargeable gain for each holding of units or shares depends upon which month in 1983 you bought them in and what the RPI is for the month in which you sell them. As you did not tell us exactly when you made your purchases, we can only offer you the list of RPIs for 1983 and leave you to select the right one:

January	325.9
February	327.3
March	327.9
April	332.5
May	333.9
June	334.7
July	336.5
August	338.0
September	339.5
October	340.7
November	341.9
December	342.8

RPIs are published by the Department of Employment around the middle of each month, on Friday, and appear in the Saturday FT — usually on the front or back page. The RPI for last month, therefore, is not yet known.



## Maternity leave

For the past seven years I have been in the Army on Short Service Commission. I am now expecting my first baby at the end of December and thus will have to terminate my Commission with effect from October 12. My husband is not in the Services. As a Protection of Employment Act does not cover the Armed Forces, I will not be able to return to my career after having had the baby and in effect have been made redundant because of my pregnancy. This is a matter which I fully understand and have been aware of for several years now.

However, it would appear that I am not liable to claim for maternity pay, although during the time I have been in the full National Insurance Contributions. I am led to believe that a percentage of each employer's National Insurance Contributions are paid into the Maternity Pay Fund which is used to spread the cost of maternity pay among all employers, not only those who employ women. My questions are:

- 1—Is there any way I can apply to the Department of Employment to pay Maternity Pay to me directly from the Maternity Pay Fund?
  - 2—Can I claim back the percentage of my National Insurance contributions which have been paid over the past seven years as a contribution to the Maternity Pay Fund, from which I am apparently not able to claim?
- In fact, servicewomen do not pay the same rate of NIC as civilians: the top rate for you and your colleagues is 8.1 per cent, as against 9 per cent for employers generally. The difference reflects the fact that there is no contribution to the maternity and redundancy funds by members of the forces.
- For the benefit of women contemplating a short-service commission, you may like to ask your MP to urge the Ministry of Defence to make the prospective social security position clearer in recruiting advertisements and leaflets.

## Tax on gift overseas

My daughter is married to an American and lives in the USA. Is tax payable on any gifts I make to her within seven years of my death and is tax payable on the value of the estate transferred to her on my death? Yes (assuming that you are domiciled in England and Wales); the domicile of the beneficiary does not normally affect the amount of inheritance tax on a gift or bequest. The incidence of capital gains tax on gifts to non-residents was made more burdensome by section 63 (1) of the Finance Act 1984, unfortunately.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

## CHESS

THE DUTCH chess club Utrecht reached its centenary last week and marked the occasion with an unusual tournament. Six highly-ranked masters, including Nunn and Miles from Britain, were invited to test controversial openings against local experts.

The CAP Gemini tournament (the sponsor was a firm of systems consultants) gave locals a chance to prepare in advance on the same basis as the visitors and created a novel species of handicap.

The organisers chose two queen's side openings, the Queen's Indian and Grunfeld Defences. There were two lines in the Dragon variation of the Sicilian Defence (1 P-K4, P-QB4 with a later black P-KN3); and finally the Poisoned Pawn Sicilian favoured by Bobby Fischer which cost him a defeat against Spassky in their celebrated match at Reykjavik.

Nine poisoned pawns at Utrecht proved disastrous for the white players, who suffered seven defeats. Belated success for Fischer? It's not so clear. The theme move at Utrecht was 8 Q-Q3 rather than Spassky's classical 8 Q-Q2, while a pairings quirk gave all six heavyweight visitors the black pieces. They calmly digested six white QNPs, beat off the attacks from frustrated Utrecht men, and launched decisive counters.

White: P. Nieuwenhuis (Holland). Black: J. Nunn (England). Sicilian Poisoned Pawn (Utrecht 1986).

1 P-K4, P-QB4; 2 N-KB3 P-Q3; 3 P-Q4 P-Q3; 4 N-F3 N-KB3; 5 N-QB3, P-QR3; 6 B-KN5, P-K3; 7 P-B4, Q-N3; 8 Q-Q3, Q-NP; 9 R-QN1, Q-N3.

Moves until here were obligatory, but now players were free to choose. Four Whites selected 10 P-B5, one 10 B-N, hot the amateurs (confronted by grandmasters)

mostly opted for simple development.

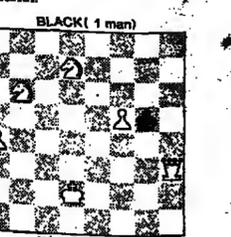
10 B-K2, QN-Q2; 11 Q-O, Q-B4; 12 K-R1, B-K2; 13 P-QB4, Q-B2; 14 R-B3.

Tony Miles's opponent tried 14 P-B5, N-B4; 15 Q-K3, Q-O; 16 N-N3, N-N3; 17 R-N3, with equal lack of success.

14. P-B5; 15 R-R3, N-B4; 16 Q-K3, Q-B3; 17 P-K5, P-F3; 18 P-F3, N-N3! This frees Black's B-Q2; 27 N-Q4, QxR; 26 R-KB1, B-Q2; 27 N-Q4, QxR.

A second pawn falls. White's pieces stall at the K-side, but the defences are solid.

28 R-Q3, R-KB1; 29 B-B3, Q-R1; 30 P-B3, Q-B5; 31 Q-N6, B-N3; 32 P-B3, R-B3; 33 Q-K4, B-B3; 34 Q-K2, P-N4; 35 B-K4, Q-B7 and White lost on time. If 36 Q-Q3, R-R mate, and otherwise he loses more material.



BLACK (6 men)

WHITE (6 men)

PROBLEM No. 645

White mates in three moves, against any defence (by O. Blumenthal). Novices usually start their attempts on such a problem by investigating White's various queen checks; but an expert will at once query the presence of White's rook pawn on the other flank. Diagnose the purpose of the RP, and the answer is simple. Solution page XIX.

Leonard Barber

## Weekend Business

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Readers are recommended to seek appropriate professional advice before entering into commitments

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# For £250,000-plus, you can get away from it all. John Brennan tells how A chance to buy your own island

ACCORDING to Colin Strang-Steel of Knight Frank & Rutley's Edinburgh office: "People who buy islands are the spur-of-the-moment purchasers. They don't usually start out planning to buy one but it often happens that they see a place and love the view, or they are tourists who know an area, hear that one is for sale and make an offer."

Strang-Steel has as much experience as anyone in the curious business of island-selling. Earlier this year he handled the sale of the Isle of Staffa to the National Trust, when an American buyer funded the purchase on behalf of his wife.

Now, KFR (031-225 7105)—jointly with Alexander Dawson in Oban (0631 63901)—has the island of Easdale on the market at a guide price of "over £250,000."

Easdale is a 100-acre island with around 20 permanent inhabitants. There are no roads, no cars and some 40 privately owned houses plus the cottages, restaurant, bar and museum held by the present owner. The island lies in the Firth of Lorn, a stretch of the West Coast of Scotland where the weather is moderated by the Gulf Stream. It is only a few hundred yards by passenger ferry from the mainland, 15 miles south of Oban, and a couple of hours by road from Glasgow.

Access is fairly critical in arriving at a valuation and in this case, the fact that Easdale is so close to the mainland and has water, electricity and telephones laid on makes it far more saleable than more remote islands.

Strang-Steel thinks that history helps, and Easdale can claim inhabitants back to the 14th century. A century ago 400 people lived there, working slate quarries that had export sales around the world. But in 1881 a storm breached the quarry walls and created deep water lakes, one of which has been linked to the sea to form a sheltered anchorage.

Local shipowner Chris Nicholson bought Easdale in 1979 and has worked hard to restore the life of the island, opening the restaurant and museum and bar, and setting up a fish processing and smoking plant to make use of 4 1/2 miles of coastal salmon netting rights. He also won planning permission for a further 62 cottages to be built on land behind the existing village.

Not everyone who buys on the spur of the moment stays the course, but there could be an investment case for laying down an island or two. Strang-Steel says: "Some people buy an island but find they just haven't got the time to get back to it. So the island—particularly the more remote ones—comes back onto the market in a few years. Others devote their lives to them. And while there is no fixed guideline on valuations over the past 10 to 15 years, islands have shown considerable appreciation."

fitting out costs, the installation of common facilities and financing charges for all those, plus a developer's profit, and the front-end loading of a timeshare unit is such that it is likely to represent well over half the retail price of a unit.

Since there are now some 60,000 British timeshare owners, dismissing the business as an expensive way of acquiring future problems over the management and development, over future repair and maintenance costs and the upkeep of common facilities, would be unduly simplistic.

Members of the British Property Timeshare Association and the recently formed Timeshare Developers Group have worked hard to counter criticisms of hard selling and misleading advertising, as well as providing a high level of quality control on the standards of the 60 or so developments they represent between them.

The industry has tackled and resolved most of the legal com-



The island of Easdale... no roads but only two hours from Glasgow

## Hidden costs of the hard sell

NO SINGLE aspect of the property business generates as much anger and frustration, as much sales hype, or as many defensive alliances of developers as timesharing. Yet, it isn't really a property business at all.

Once viewed as an aspect of the holiday and leisure industry rather than in terms of bricks and mortar, timesharing ceases to be cause for annoyance and can be evaluated alongside package holidays, hotel charges, caravan or boat ownership and all the other time-off spending that doesn't run into the emotive minefields of investment or expenditure on people's homes.

The economics of the business make it self-evident that, on any objective investment basis, timeshare unit prices start off at a big premium to net worth.

Take a property suitable for timeshare development. Assume you build 50 apartments, and rights to each of these apartments are then offered for sale for 50 weeks of the year (the other two being allowed for decorating and repairs). That creates 2,500 timeshare "units," each of which has to be marketed and sold by the developer.

companies say, they would be lucky if they get a 2 per cent conversion from people asking for particulars to those who hand over money," says one advertising executive who, since she numbers two timeshare groups among her clients, prefers to leave her name out of the debate.

A 2 per cent conversion rate would mean that, by the time the whole of our national timeshare scheme is sold out, the marketers will have wooed no less than 125,000 prospective buyers to achieve 2,500 sales. And even though the numbers may be substantially reduced by buyers purchasing several weeks each, you don't need to be the auditor of an advertising agency to work out that the publicity campaign, sales people's commissions and so forth needed to support that kind of marketing drive cost money—or that the timeshare buyers are the ones who end up paying for it.

The price of individual timeshare units will, naturally, include a proportion of the total sales costs, which, unless the scheme is uniquely successful, will run over a number of years. Add site and development costs,

applications of purchasing, at least in Britain, and the timeshare exchange companies—enabling owners to swap their weeks in one resort for equivalent weeks elsewhere around the world—provides a reasonably effective additional quality control. They just wouldn't be able to exchange

poor quality units so they keep them off their lists.

There have been some impressive resale figures to show that timeshare apartments in the few completed developments have been a good financial investment. But the front-end loading of costs is such that direct timeshare investment would have to be regarded as speculative. Indeed, that line of advertising has been frowned upon by the quality developers in Britain for some years.

As an "investment" in holiday time, the pins points evidently outweighed the minus points for existing owners, and there is no doubt that in pursuit of that necessarily vast number of indi-

vidual unit sales, most developers have gone for a level of quality—in terms of timeshare apartment design, and finishes, and in the leisure facilities provided—that would be hard to match outside the compound of five star country club.

No-one, however, can reasonably accept the idea of a timeshare purchase as an inflation proofed advance payment for their future holidays.

Thomas Cook estimates that the average holiday maker will spend no more than 40 per cent of total holiday money on accommodation. Travel costs work out to be roughly equal to the accommodation charges, the remaining 20 per cent is Cook's conservative estimate of general living and spending money while on holiday.

In a comprehensive timeshare development with plenty of facilities it may well be that spending costs are contained, but the travel charges will not be reduced, and there are the annual management costs to pay in addition to your "once-for-all" holiday purchase.

based on hotels are becoming increasingly popular—with the developers and promoters at least—and they do ensure that the property is actively managed 24 hours a day, 365 days of the year. An alternative, even more comforting assurance is to have no direct lien on any specific physical property at all.

For a quarter of a century the Swiss-based Hapimag Property Club (represented in the UK through Comser International 061-904 9750) has offered shares to holidaymakers which give them the right to use multiples of weeks in the club's resorts. The more shares you buy the more points you get to exchange for holiday accommodation. The shares themselves are Swiss registered, and are freely transferable after four years. Owners do pay annual management charges.

The Villa Owners Club (0638 600068) has followed the example of Hapimag with the additional twist of including the tax shelter of a life policy as part of its Holiday Property Bond. A proportion of the bond purchase price is invested to cover annual management fees and there is a discounted buy-back facility after two years. Like the Hapimag system bondholders acquire points towards holiday accommodation in resorts around Europe.

J.B.

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INDEPENDENT SCHOOLS 2

Grasping the technology nettle

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Independent schools have to meet the challenge of new technology and social changes in Britain

school fees plan now for savings. We can show you how to save money: whether you are a parent or grandparent, whether you want to pay from capital or income, whether you are planning ahead or have left it late.

established businesses will have fewer and fewer 'ready-made' jobs to be handed to young people coming from education.

To managers sharing this view, Britain's present education practices seem likely to become increasingly irrelevant to the requirements not only of their own organisations, but of the economy in general.

advantage of either individual sixth-formers or the broader society. The most important overall aim of the educational changes, in his view, was that they should simultaneously develop young people's appreciation of and abilities in three areas.

The first was creativity, not least of the industrial kind. At the level of academic curriculum, new subjects such as design, technology and electronics will help to develop greater creative drive as well as increased emphasis on problem-solving, continuous assessment, oral work and group activity.

At the age of 16 to 18, the problem was overcrowding of their study time. There are 18 subjects or more jostling for the time of pupils.



In future businesses will need people who will be proficient at 'doing' and 'thinking' alike

WOLDINGHAM SCHOOL (Formerly Convent of the Sacred Heart) Scholarships for September, 1987 Entry. The School is offering scholarships to girls at 11+, 13+ and 16+ on the result of examination and interview to be held in November.

TORMEAD SCHOOL GUILDFORD INDEPENDENT DAY SCHOOL FOR GIRLS AGED 5-18. Entrance Examination for entry in September 1987 (all ages) is on January 9th 1987.

QUEENSWOOD SCHOLARSHIPS. Queenswood is an Independent Girls' Boarding School in Hertfordshire with excellent facilities for girls in the 11-18 year age group.

'Tomorrow's war will not be won on the playingfields of Eton, but rather in the computer rooms of Cheltenham...' Extract... The Times, 7th October, 1988. To find out why contact the headmasters of CHELTENHAM COLLEGE and CHELTENHAM COLLEGE JUNIOR SCHOOL.

Talylyn Railway TYWYN, ON THE MID-WALES COAST. Historic steam trains through Welsh hill scenery. Special facilities for school groups.

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ST. MARY'S GATE Bournemouth (Established 1886). International Boarding and Day School for Girls, 8-19 years. Preparation for GCE examination at 'O' and 'A' Level and University Entrance.

WISPERS SCHOOL Headmaster: L. H. Beltran, B.A.(Hons.) Haslemere, Surrey. Wispers is an Independent Boarding and Day School for 125 girls aged between 11 and 18 years.

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QUEEN'S COLLEGE LONDON SCHOLARSHIP AND ENTRANCE EXAMINATIONS FOR 1987. Scholarship and entrance examinations will be held in January and February.

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FRESHAM HEIGHTS SCHOOL. Knowledge, Fresham, Surrey. Conducted by Boarding and Day. 265 Pupils 11-18.

URSULINE CONVENT SCHOOL. 225 Canterbury Road, Westgate-on-Sea, Kent CT8 8LX. Tel: (0843) 34431.

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Established in 1949, Concord College has a reputation for excellent examination results. It provides a sympathetic and disciplined environment in which staff and students work hard to bring out the best in the students.

طراحت الاموال

# Smart Marshall takes a long, lingering look at the NEC International Motor Show

## Beware the dazzling selection of goodies

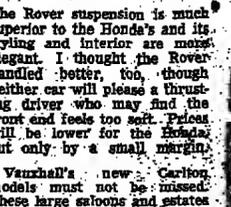


A glimpse of things to come. Toyota's FXV concept car with all-wheel drive and steering, a 16-valve turbocharged 2-litre engine and a 5-speed automatic transmission

THE 1987 NEC International Motor Show is a dazzling selection of goodies. I put forward my suggestions of exhibits that should not be missed. First, the new Jaguar XJ-6, Sovereign and Defender. They are everything one expects of a traditional British luxury car in appearance, performance and interior furnishing, all at a price that up-market buyers will find affordable. Externally, there is very little to distinguish them from the old models, but their engines — a 2.9 litre and a 24-valve 3.6 litre — are new, lighter and more efficient. Turn now to the BMW 7-Series saloons which are Jaguar's closest international rivals. My experience with the BMW 7-Series has been as tantalisingly brief as with the new Jaguars; just 150 miles on the hill roads and autobones of southern France. They are magnificent cars, setting new standards of noise suppression for large German saloons and handling, like Jaguar, 5 speed manual or 4 speed automatic transmissions from the same German suppliers. The 735i will show a Jaguar a clean pair of heels with a claimed top speed of 146 mph and the electronic management of engine and transmission makes changes up and down surprisingly smooth. Though similar to the old 7-Series, the new cars are rounder and sleeker. Despite being roomier and having larger boots than the Jaguars, their aerodynamics are better. Prices are higher, too. The least expensive 730i will sell at £19,850 and the 735i Special Equipment costs £31,750. Deliveries of right-hand drive cars begin in January. From BMW, go to Rover and take a good look at new 800 saloons. Having just completed 1,000 miles in a Sterling automatic, I think more highly of the new Rover than I did after sampling it earlier in the year. It looks, feels, sounds and smells (mine had lovely leather trim) as a proper Rover should. Just like those worthy vehicles professional men drove a generation ago. Only this one is bristling with modern technology, with ABS brakes, electronic ignition, air conditioning and power operation for almost everything from windows to sunroof. It combines up to 28-mpg economy with a performance that is as urbane as it is lively. Next, the Honda stand, to see the Legend. This is the car from which the Rover 800 was developed. Legends for Europe will be coming off the same Cowley production line as the new Rover. The most interesting thing about driving two Legends last week was being made aware just how substantial the Rover input has been.

The Rover suspension is much superior to the Honda's and its styling and interior are more elegant. I thought the Rover handled better, too, though neither car will please a thrashing driver who may find the front end feels too soft. Prices will be lower for the Honda, but only by a small margin. Vauxhall's new Carlton models must not be missed. These large saloons and estates have been entirely reshaped in a similar mould to the Astra. Their very low aerodynamic drag makes for minimal wind noise and low fuel consumption at motorway speeds. A new independent rear suspension smooths the ride while improving handling balance. New 1.9-litre and 2-litre petrol engines and an updated 2.3-litre diesel are on offer now; a six-cylinder, three-litre will become available next spring. From Vauxhall, where the new two-litre engine Cavalier is promising and the Astra convertible worth a look, to Audi, whose new 80 is a scaled down 100 with even better styling. These four-cylinder models are due to be joined by a five-cylinder 90 range before long. Of particular interest is a cut-away exhibit showing how the Procon-Ten crash protection system pulls the steering wheel away from the driver in a severe head-on crash. Saab's convertible, due to go on sale next year at £20,000-plus, is for fresh-air fans who want Swedish solidity, a power-operated hood, plenty of performance and four comfortable seats with realistic luggage space. Volvo's 460ES coupe is making its British debut at the NEC but will not be in the showrooms for some weeks due to its great popularity in left-hand-drive markets. It is Volvo's first front-wheel driven car and is notable for good looks and great refinement. Suzuki's Swift GLX Executive is almost exactly the kind of car I had in mind when I asked recently why buyers could not find a small and nippy saloon fitted as standard with automatic transmission, power steering, even air conditioning. The 4-cylinder, 1.3 litre Swift GLX Executive lacks power steering but has everything else, all for £6,999. I have not tried it yet but it looks made to measure for motorists who want all the features of a large car except for its size. And for my tenth suggested port of call, the Toyota stand. Normal production Toyotas such as the new Supra and MR-2 with T-bar top are well worth a look for their advanced engineering and clean styling but you can see these at a local dealership. The focus of attention should be the FXV and AXV concept cars. They point the way that Toyota thinks that high performance touring cars and family saloons will go in future.

The mid-engined, 4 door, 4 seat FXV has a 16-valve, turbocharged 2-litre, driving all four wheels through a 5-speed, electronically controlled automatic transmission. The all-independent suspension is hydro-pneumatic, with electronic control, and all four wheels steer. Minimum fuel consumption is a feature of the AXV concept family car, which has a 1.1 litre direct-injected 3-cylinder, turbocharged diesel, made of lightweight materials, and it weighs only 650 kgs and is claimed to average 118 mpg. Pie in the sky? Ask me again in 1990, but I doubt it. The International Motor Show at the National Exhibition Centre, Birmingham, is open to the public daily from 9.30 am to 7 pm until next Sunday, October 26, when it closes at 5.30. Admission is £3.



Vauxhall's new Carlton GL saloon has styling reminiscent of the smaller Astra and independent rear suspension



The new Suzuki Swift GLX Executive. Automatic transmission and air conditioning as standard for under £7,000



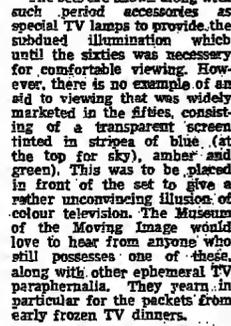
The new BMW 735i is a deadly rival of the new Jaguar, with a higher top speed, more interior space and a larger boot

## Collecting

# Viewed with nostalgia

TELEVISION has a growing history and—having now for several generations occupied centre place in the living rooms of the nation—a formidable collection of nostalgia. Both history and nostalgia figure in the current exhibition "Television in the Home 1926-1986" in the Lyre Room of the Royal Festival Hall (until November 2). The exhibition commemorates three jubilees. In January 1926, John Logie Baird first demonstrated his mechanical television system to the Royal Institution and later the same year he transmitted an image from his studio in St Martin's Lane to a house in Harrow. Fifty years ago, in November 1936, the world's first regular television service began transmissions from the BBC studios at Alexandra Palace. Forty years ago, regular television transmissions started up again in Britain after the hiatus of the war. I belong to the dwindling band who remember television before the war. It was only a glimpse because I was very small in 1938. A photograph in the Festival Hall exhibition recalls for me how it happened. The London newspaper, The Star, had a special presentation, "The Story of Television" (television is here—You can't close your eyes to it). The public was invited to "See it at Selfridges," which my family dutifully did. There was quite a crush. It was mid-afternoon and we saw a zoo programme, which I believe was one of the world's first regular outside broadcasts. We watched it on a bank of receivers, very much above my eye-level; and although it was in a subdued light I recall that the image was very small, and pale and blue-tinted. At that time the BBC only transmitted 12 hours of television a week, but the number of receiver-owners soared from 400 in 1926 to 20,000 in 1939, and the television industry was going full tilt. New models featured prominently at each pre-war Radiolympia. The Festival Hall exhibition displays 20 pre-war television sets made by half a dozen manufacturers who are all still in the business. They range from the economy 5 inch Maccohyphone 706, which at a knock-down 29 guineas was aiming optimistically for a mass market, to the same firm's 703, ment, with a 12 inch screen the last word in 1937 entertainment and incorporating radio receiver and gramophone. At 120 guineas this was strictly for the luxury market. The model incorporates a curious device which hinged after the war to cope with the great length of the larger-screen cathode ray tube. It was mounted vertically in the console and viewed through a mirror. No one seems to remember now if the image appeared in reverse. Technical shortcomings and the small screens were amply compensated by the splendour of the consoles. Ekco's bold designs and opulent wood veneers would merit a place in any show of late Art Deco. These pre-war sets were taken out of store in 1946 to watch the Victoria Parade. After this, the milestones of British television history were generally connected with great national events—Princess Elizabeth's wedding, the Olympic Games of 1948, above all the Coronation in 1953—dramatically building up both sales and the future store of nostalgia. The Festival Hall exhibition, which is jointly presented by Jonathan Hill of the Vintage Wireless Association and the British Film Institute's new Museum of the Moving Image, due to open on the South Bank next year, indicates the collectability of television both in its technical and nostalgic aspects. Fifty television sets range from the Baird Televisor of 1930—the first quantity-produced receiver to be put on the market, at 25 guineas—to a 1986 Ferguson Satellite Module. The Televisor is, of course, the indispensable focus of every serious collection. Examples are rare but they occasionally appear in the saleroom, realising prices between £2,000 and £3,000. The sets are shown along with such period accessories as special TV lamps to provide the subdued illumination which until the sixties was necessary for comfortable viewing. However, there is no example of an aid to viewing that was widely marketed in the fifties, consisting of a transparent screen tinted in stripes of blue (at the top for sky), amber and green. This was to be placed in front of the set to give a rather unconvincing illusion of colour television. The Museum of the Moving Image would love to hear from anyone who still possesses one of these, along with other ephemeral paraphernalia. They yearn in particular for the packets from early frozen TV dinners.

Janet Marsh



9-inch Ekco TC 102: "In 1939 the television industry was going full tilt"

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Stourbridge, West Midlands, DY8 1GX  
Tel: Stourbridge 370025 and 394648.

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Candidates (boys and girls) should be over 13 and under 14 on September 1st of the year of the examination (Music scholars under 17 in September 1987).

Academic BURSARIES also available for Sixth Form entry.

All Scholarships and Bursaries give a percentage reduction on standard fees.

Academic entries (other than for Sixth Form) close on January 26th 1987.

Music entries close on January 1st 1987.

For further particulars and prospectus, please write to the Tutor for Admissions. (Ref: 25A).

### Millfield Junior School

Edgarley Hall

Glastonbury, Somerset BA6 8LD.  
Telephone (0458) 32446

Co-Educational, 450+ pupils and 62 teachers. Age range: 7 to 13½ years. Average number of pupils per class: 11. Boarding and Day Fees (per term): Boarding £1,570, Day (10-13) £880, (7-9) £780.

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Candidates should be over eight years and under eleven years on January 1st, 1987, but consideration will be given to those a few months outside these limits.

Entries close on February 2nd, 1987. Open Day February 28th. Assessment takes place on March 7th.

For further particulars and prospectus, please write to the Headmaster. (Ref. 25A).

### Cambridge Centre for Sixth-Form Studies

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Application forms and details of school fees, together with prospectus are available from:  
The Headmaster, telephone Blotmansworth 779168

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## BRIDGE

MY FIRST hand comes from rubber bridge and I would like you to study it carefully:

♠ J 10 8  
♥ 7 6 4  
♦ A 7 5  
♣ Q 8 2

W E  
♠ 6 5 3 ♠ 7 2  
♥ J 8 2 ♥ 10 3  
♦ K Q J 6 ♦ 10 8 4 3  
♣ J 4 ♣ A K 10 7 6

W E  
♠ A K Q 9 4 ♠ A K Q 9 4  
♥ A K Q 5 ♥ A K Q 5 4  
♦ 2 ♦ 2  
♣ 9 5 3 ♣ A K Q 9 4

South dealt with both sides vulnerable and opened the bidding with one spade, to which North replied with one no trump. South rebid three hearts. North gave simple preference with three spades, and South pushed on to four spades—a perfectly reasonable auction.

West started with the king of diamonds and the declarer considered the position. He had nine tricks on top and the five of hearts would provide the extra trick if the suit broke 3-3. That was against the odds so to improve his chances?

Of course! Provided that trumps were breaking evenly, he could draw just two rounds and play for the defence with four hearts (if such a division existed) to hold the outstanding trump.

If that was so, he could cash his three top hearts and ruff the five on the table with dummy's last trump.

Winning the king of diamonds on the table, South cashed two rounds of trumps with knave and ten and then ran his three heart winners. If both opponents followed to three rounds, he would draw the last trump and claim his contract. As it happened, East discarded the seven of clubs on the third heart so the declarer ruffed the five with

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Adrian Barnett reports again from Ecuador's Mazan forest

# Scientists on losing streak

DEEP IN Ecuador's Mazan forest, we are sick and tired of swarming machetes; we have seen birds, beetles and bracken which make up for all the muscle-ache and outbursts of bronchitis; we have solved the cooking crisis by hiring a local cook. When progress is slow up the aides of an overgrown track, we can console ourselves with past experience.

When we arrived, we thought we were 30 British scientists, invited by the Ecuadorians to survey and preserve their local woodland. In fact, our hosts had disappeared. First, we lost our local hackers, then we started to lose each other. We are still

lively secretary, the chain-smoking Noelia. Noelia appears to have more cousins than anyone in Cuena, and every one of them can solve exactly the problems which 30 lost scientists bring with them. In short, we have benefited from the extreme swings of mood, the warmth and overwhelming friendliness of Ecuadorians to visitors who had been badly let down.

Our fairy godmother arranged a press-conference where the journalists outnumbered our participants. Suddenly, our forest-survey became a public matter of pride. We were even put in touch with a local Cuena artist who had plans for carving the forest-trees into huge totem poles. Thanks to Tierra Viva, we found transport, guides and the cook. We also won favour from ETAPA, the water authority which controls the Rio Mazan valley.

The water authorities were, indeed, the hackers we needed. They wanted our survey-report and we needed their laboratory and facilities: so happy was the merger that we found our baggage train leaving Cuena with public blessing, a cook and all 30 team-members, heading for ETAPA's log cabin in the bottom of the Mazan valley. We had acquired a base-camp without having a single tent-peg into the ground.

Reaching a forest is much more demanding than living in one: our first hours in the woodland were a sequel to Milton's words on Eden. The botanists sported among orchids, the jobbing gardeners shinned up trees, the bird-freaks put up bird-nets, the beetle wretches found a weird creepy-crawly, the cook made spaghetti bolognese. I thought we had thirty frolicking ecologists: as dark fell, it emerged we were now only twenty eight.

It is quite embarrassing to be escorted to survey somebody's forest and end up, the next day, asking them for search-parties to help you and your own surveyors. Ecuadorians have an unacknowledged gift for mounting an emergency hunt: two days later, we found the sinners who had lost themselves on a bluff and had been

individually. It would be madness and counter-productive, if the Biscu "Atlas Major" were treated in such a cavalier fashion. Auction prices for atlases and maps have shot ahead in the last decade. For some reason they are particularly favoured by City men, perhaps because of the meticulous precision of their craftsmanship. (They also make a "safe" decoration for office walls.)

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There is also Dancing for unemployed dancers (as so many of them are) and Bridge for the unemployed and retired. Book-keeping, too, is offered in more than one way: for people unemployed, and for people who speak another language is English. Those who think that subject bad better think of a crash course in financial management - but a History of Wormwood Scrubs Prison is also on offer. And if that proves too gruelling, there is something aimed at those of us who hope to keep up with our children: New Maths for parents.

To cope with fish, the unwaged have Practical Catering, as opposed to Cooking for Men, or Cooking with English

geographical interest, particularly to anyone on a diet, at the courses in Confectionary Design and the History of Eating and Drinking. Anyone wishing to take that liquid history into the 1980s should consult the advertisement in Floodlight for Bas's School of Bartending, which offers a six-week, "American style" course in cocktail bartending.

It is hard to criticise a system which provides topics as praiseworthy as dressmaking for Urdu-speaking women, and also football for the blind. But I have my doubts about anything quite as nasty as wrestling being funded by my rates. I am also dubious about television repair for amateurs, though for a different reason.

Footwear for Amateurs is bad enough, suggesting as it does a prospect of less able pupils tripping over their flapping soles. But professional television repairers are bad enough - without anyone being encouraged to plug themselves into the mains. As the title of one course has it, Look after Yourself. Fortunately, the Inner London Education Authority runs to instruction on Health and Safety (First Aid) Regulations 1981, which goes some way towards making me happy.

This is the secret of getting all the way there: a place in the group studying the Positive Psychology of Happiness, which seems to be open to all, assertive men, women whose second language is Armenian, jogging saxophonists and book-lovers



High Andean Lizard

hacking a way out with machetes.

Machetes began by joining the toucan as a survey symbol. To appreciate the full landscape, you have to view it from above. To attain the cliffs, you have to cut a path; we cut for days, like a medieval army, and slowly huilt bridges, until the local peasants appeared and undermined the entire job by offering to lead us to an outflanking route. My leadership survived their offer, as for once, a local short-cut was both aborter and free of further cutting.

Having sized up the ground, we have identified successes and problems. Within days, the

bird nets have caught the rare and lovely humming-birds which feed on fuchsia-flowers: obligingly, they have also produced a brilliantly coloured toucan, more ever imagined. The moss-collectors have gone mad over the lichens; the people who pick up the insects might seem mad already, but they have been enjoying the time of their lives. At night, the action centres on the bat-people: very quickly they caught a rare local fruit-bat which we have brought into camp and fed there. We have the world's first pictures of a Mazan fruit-bat eating a kitchen-ham.

The main problem now is not

the weather, the food or the team-members: unexpectedly, it is the alpaca. This llama-like animal was introduced to an adjacent national park by the Ministry of Agriculture. Disliking the park, it bolted into our forest and has felt very much healthier on forest-food. If it goes on multiplying and crashing through the undergrowth, much of the flora and vegetation will be ruined. We must get the Ministry to take the wretched animals away: we expected many things, but not that we would be surveying Cuena's own forest to save it from his woolly visitors whom fellow-Ecuadorians had introduced by accident.

## Saleroom

# History mapped out

THE BATTLE is on. Not between Christie's and its spunky predator Phillips - a tenth Christie's size but brazen enough to think of a takeover - but between the book departments of the two major auction houses, Sotheby's and Christie's.

This week Christie's sold an almost mint "Atlas Major" by Blaeu for £27,200. Next week Sotheby's offers a copy of the same work. It is hoping for bids up to £100,000.

No one disputes that this atlas, produced in Amsterdam between 1648 and 1664, is the greatest of all atlases. About 300 sets were produced, which were presented as gifts around Europe to show off the grandeur of the Republic of the United Netherlands. Sotheby's reckons it has the better copy, which includes some additional maps. The market will decide.

There are not many buyers for atlases in this price range, and the arrival of two copies at the same time is a challenge. Sotheby's thinks it has the edge: not only in extra maps and in condition, but because its "Atlas Major" is in French rather than Dutch, which makes it more internationally acceptable. If it sells at auction on Thursday the buyer gets 12 volumes in an excellent state, containing 599 maps and plates which give a Quixotic, 17th-century view of the world.

Prices seem cheap for these rare works, especially compared with the other major investment area in the market, natural history books with their plates of birds, flowers and animals. Many, of course, are destined for destruction. The volumes are bought by dealers who spit them up selling off the maps and plates

individually. It would be madness and counter-productive, if the Biscu "Atlas Major" were treated in such a cavalier fashion.

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# A-Z of the class war

"SPREAD yourselves about," we were told as we stood on our heads, "and try to look like several people each."

Our Yoga teacher was fighting a rear-guard action against a falling roll of few students and their would-be no further education classes for us. Some lecturers have over the years been more ingenious: one of Her Majesty's inspectors discovered an English class populated entirely by fictitious pupils all named after dead writers: "Mr. Shakespeare?" "Here." "Mr. Chaucer?" "Yes." "Lord Byron..."

Fortunately, the numbers have held up in most of London's other yoga classes, and indeed in a variety of subjects, from acoustics to Zulu, from Ancestor Tracing to Yoruba. In inner London, any rate, there really is no excuse for being ill-informed.

There is no excuse for not making this the week you take up the Irish tin whistle, or the Sociology of Witchcraft, or Juggling, or - a comparative newcomer to the curriculum - Juggling. Ancient Egyptian hieroglyphics are yours for the asking, as is Armenian (only unfortunately), Vietnamese O-level and Bulgarian for Beginners.

The part-time courses operate a type of streaming policy. Basic Sewing for men, Saxophone for women. Women also have their own courses. In Assertiveness Training as well as for those whose partners cannot take assertiveness, or saxophones, a class on Living on Your Own.

still employed are offered "Stress-surviving work overload" but for the less privileged there is an area of study that is becoming more relevant every day: "Unemployment - living without paid work." One way of doing just that is by signing on for "Gardening for the unemployed," and learning how that differs from horticulture for the salaried.

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## Gardening

Robin Lane Fox enjoys the late sunshine

# Scenting crocuses for autumn colour

BELATEDLY, gardens have had the run they deserve. The past four weeks have made up for a summer of false starts: 1986 would have been a wash-out without this postscript of hinc skies and mild, wistful weather.

In the sunshine, I have been enjoying two particular qualities, one in roses, the other in crocuses. They are quite simple, really, but I will take the roses first. Anyone who believes that modern roses have no proper fragrance must have been hiding his nose in the past fortnight. The coolness of the early mornings releases the scent from any rose which has a second autumn flowering.

Scent is a famously subjective, but we can all surely agree that there is no old-fashioned rose with a scent in autumn to equal the modern rose Fragrant Cloud. Its reddish colouring is not easy to place: and there is nothing special about its upright growth and modern glossy leaves.

However, it is one of those flowers which is transformed by being picked as a cut-flower. So often, the varieties which wear least well in thoughtful gardeners' colour schemes look charming in vases inside the house.

I suspect that many breeders picture their flower-children in this setting before all others. It is as a cut flower that the public and many show-judges will first encounter a new type of rose. It has to look good on a stand, which is one reason why so many modern varieties look less appealing in a carefully-planned garden. In autumn they excel themselves indoors and I know of no old-fashioned rose which can compete at this time of year.

As for the crocuses, they have been the best sight in the entire garden. Older bulbs, perishes for instance, have been shy this year, perhaps because the summer was so cold, but the autumn crocuses have gone mad. They have been seized by a new and unprecedented energy.

It must be 20 years since I left a clump of a dozen crocus in my parents' garden. Visiting them recently, I found they had become a thick carpet of flowers, packed more tightly than anyone ever expected. Last year, there were half a dozen

flowers on the entire group. This season, their bare stems are supporting themselves by the weight of their flowers.

Alerted by this sight, I have been investigating other plantings. If you associate crocuses with spring only, you are missing out. The obliging autumn-flowering crocus is celebrating the weather in fine style. On the telephone two of its best growers agreed.

The bigger coccineums have also been excellent, especially as no rain has knocked them flat. The queen of the family is Elizabeth Parker-Jervis who sells the best varieties at Martens Hall, Longworth, Oxon. There, the season begins late, but the lovely white varieties have been outstanding.

Why have these crocuses been so generous? I have championed them for years, even though they flower on bare stems and then hither you with their leaves in spring when you are busy with the weeds. They are still remarkably cheap. Good old crocus speciosus can cost as little as £3 per hundred and is extremely easy to please: it will grow happily in groups in the front row of your late-scented rosebeds.

This year, it is beaming in the sun, happy that its petals are not being played by heavy rain. However, the roots of its happiness must lie further back, as this season's flower results from last season's weather. I have painful memories of autumn 1985, which was also

extraordinarily dry. This fact was obvious to anyone who had to exercise horses, and it was even more obvious to the horses, one of whom bruised its hooves so badly that it could not walk properly for weeks. What was bad for hooves was good for next year's crocuses. I assume that this dry weather is the secret, though the crocus's leaves do not appear until the following spring.

If you have never grown these charming bulbs, do please consider them next year when this similar autumn should encourage them to take an encore. It is even easier to consider them if, like me, you have noticed a particular use for them. Several gardens have big crocus-clumps which thrive in the dry spaces below trees. If the crocuses have enough light and the tree-branches are not too dense, they will colonise the ground between the ribs of bare roots.

You can check this point at Wisley Gardens, where the lovely clumps of autumn crocus are conveniently visible from any of the tables in the restaurant. Like autumn cyclamen, it seems, these late crocuses will thrive in a dry, sparse soil. Most of the tree-roots dominate, but it has taken this season to teach me that we could still grow crocuses among them, surprising those gardeners who would never believe that crocuses can flower when the leaves are falling off the trees.



Arthur Hellyer finds conifers in great demand

# Evergreen favourites

I NOTICE with interest that the largest garden centre in my area now devotes more than half its plant standing space to conifers. I was told that conifers now top the demand for plants and that customers were specially eager to buy the larger available specimens despite their quite high price.

There was a certain irony about this since most of the conifers on display were described as "dwarf," a term that for conifers has been stretched to such a degree as to have little meaning. At least it does appear that most customers at this centre were not looking for genuine dwarfs and maybe they did not even notice the "dwarf" signboard.

All the same if some of the buyers retain their gardens for 10 years or more they may be surprised at the growth some of their conifers have made. I have one specimen of *Bouteloua*, a popular softy grey *Sawards* cypress, which is now much over that age and is now 15 ft high and still growing steadily. I imagine that most purchasers would not expect it to exceed 3 or 4 ft, which is the impression most descriptions give.

About 30 years ago I planted another grey-leaved cypress, a form of the Lawson kind named *Fletcheri*, not expecting it to exceed 10 ft. It is now over three times that and during a recent cold winter it accumulated so much snow that its numerous erect branches were spreadeagled. With great effort we dragged them together again and hound them with rope until it proved of no avail and soon they fell apart once more. This time I brought a cobsin saw to the job, cut out the weakest trunk and left the rest to fend for themselves. Rather to my surprise they have gradually pulled themselves up and now make a multi-turreted specimen which would be a horror to any tiny minded forester but rather pleases me in its particular situation.

However, such adventures are not for most gardeners, least of all those with the pocket handkerchief gardens that are all too common. They are usually need truly dwarf conifers, by which I mean tiny tots like the form of Irish juniper called *Compressa*, which is unlikely to be more than 15 ins high and 4 ins through after 10 years or the miniature golden leaved Lawson cypress named

same age, should be a contrasting dome of matching height but five times the spread.

This is not really a criticism, just a warning. I am all in favour of changing plants from time to time. It makes gardening more exciting and provides opportunity to experiment with new plants and experiment with new plants and new combinations and is good for both gardeners and nurserymen.

There are more of these dollar-house conifers about, a few dozen in all, and they are most likely to be stocked by rock garden specialists. They are not the "stuff of garden centres" where "dwarf" really means "slow growing" and one must be prepared to replace the plants occasionally if there is really no room for anything above five or six feet in height and spread.

There are scores of attractive slow growing conifers to choose from and because of the demand their number increase annually. One that I have been

difference, is freely available. Both Adrian Bloom and W. J. Bean point out that most of these prostrate spruces are produced by grafting horizontal stems of erect trees on to suitable root stocks. Mr. Bloom adds the warning that if up-right stems do appear in these grafted plants they should be cut out immediately.

Many of these dwarf and slow growing conifers are mutants which have appeared spontaneously on normal plants and have been perpetuated by removing them for growing as grafts or cuttings. Those who are keen on such things or see profit in selling them to nurserymen search for them in the wild and in gardens and there seems to be a never ending supply.

One that I had but lost in the terrible winds of last February is a new golden form of *Pfitzer's Juniper*. The two most common golden forms are *Aurea* and *Old Gold*, both low and wide spreading like the green leaves in these right stems do appear in these grafted plants they should be cut out immediately.

I note a tendency to drop the name *Pfitzer* and refer to all these forms as varieties of *Juniperus media* but I do not find this very helpful as the *Pfitzer* varieties are always wide spreading whereas the *media* conifers are all upright and narrow. One that I like very much is *media*, is dark green and vase shaped, the branches growing vertically for two or three feet and then spreading outwards at the top. I know nothing like it and it can still be bought quite readily. Just ask for the juniper named *Blauw*. There is no need to remember anything else since the rules of nomenclature forbid the same name being used for any other variety in the same genus.

Maybe even better advice is to forget the names altogether, go along to a garden centre and pick out the conifers that attract you most. Since almost all are evergreen, they look much the same throughout the year which I suppose is one reason why gardeners are so fond of them. Now is a very good time to plant these and all other evergreens that

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طوبى لمن لا يتعلم

# Charge over the ocean

From Triffid holiday catalogue, a charming stocking all hand done in needlepoint in China. 18 ins tall, with a fabric backing, it features Father Christmas laden with presents. \$39. Some of the neatest and most attractive looking cassette holders I've seen. Little teakwood boxes, with roll-tops, each holds 17 VHS tapes. \$39.99. There are similar boxes for audio cassettes. \$26.99 for box holding 30.



GLOBAL CAMPAIGNS have long been the buzz words in advertising circles, global villages in hippy ones, so why not global shops? It had to come. With the arrival of the credit card and 24-hour-a-day telephone lines, all the world has access to each other's shops.

If Asprey, Harrods, John Lewis et al have begun to pall, today you can shop across the ocean simply by making a telephone call. You can zip into Bergdorf Goodman, take in a couple of fine reproductions from the Museum of Modern Art, buy a few folies at Neiman-Marcus, sample some of Bloomingdale's famous own-label merchandise, all without having to pay a single air fare.

American shops, needless to say, are much more up to date with new ways of making it easier to spend money than any

of their British counterparts. It is obviously impossible for me to list here all the names and addresses of all the many shops you might be interested in. Take it from me, if there is a shop you are particularly interested in, it is almost bound to offer a fine full-colour brochure and a mail order service as well.

Many of the New York stores offer much the same international merchandise as you are likely to find in a good department store in Britain so there seems little point in paying the extra phone-call and mail order charges. Of particular interest and value, in my opinion, are some of the fine reproductions sold by some of the American museums. Here you really will find pieces, often of great beauty and usually of some originality, that you could not

find back here. The prices often strike me (even at the current rate of exchange), as extraordinarily good value and so I have concentrated on showing here the output of these more off-beat catalogues.

Many of these museum shops have become national institutions, regular stopping-off places for those looking for something rare and special and many of the pieces are now collectors' items.

Here then is a list of just some of the names, addresses and telephone numbers that you might find useful if you want to do a little early and unusual Christmas shopping. Just telephone and ask for a catalogue—most will send them post-free but they will tell you on the telephone if there is a charge and charge it to your card. When it comes to ordering from the catalogue, remember that American Express, Visa and Mastercard are the cards they mostly take. Unless you specify air-mail they will be sent by surface mail, which usually takes between 10 and 14 days. If you want to be absolutely sure things arrive before Christmas, though, you should have your order in by November 5.



From Bloomingdale's, a pack of Bloomie's own cotton knit bikini pants, in pink, blue, purple and green. \$13.00 for four. Marvellously simple watch, designed by Calvin Klein, with a simple broad silver-tone case, with an old silver-tone dial with Arabic numerals and a pigskin strap. \$195. Look out, too, for excellent luggage (Pierre Cardin or Ralph Lauren-designed) and lots of jokey toys.



## ALL THE GOODS FROM DALLAS TO NEW YORK

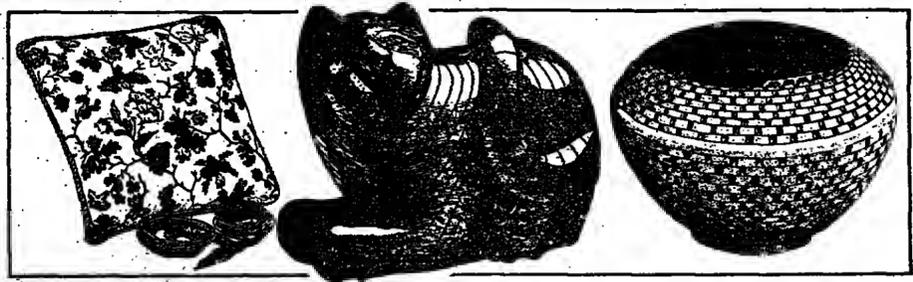
Colonial Williamsburg Foundation, Craft House, Box CH, Williamsburg, Virginia, 23185, US. Tel 0101 804 228-1000. (Catalogue \$9.95 plus postage.) A marvellous selection of furniture, objects and artefacts, many with a genuine "colonial" feel. Fine reproduction bombé mahogany chest, wooden bird decoys, copies of New England antiques, old quilts, nice posters.

The Museum of Modern Art, Mail Order Department, 11, West 53 Street, New York, N.Y. 10019-5401. Tel. 0101 212-708-9700 (\$1). Some excellent high-quality very modern pieces, some of the finest art books available here in high-tech modern design-orientated shops. Some beautiful travel cases by Marco Baldini of Italy that I haven't seen elsewhere, lots of fine toys (like the miniature Rietveld chair you build yourself, and, as you might expect, some of the finest art books). Probably most useful to those looking for a finely edited, careful selection of some of the best, signed modern pieces in the world (the best torch, penknife, coat-hanger, light, etc.).

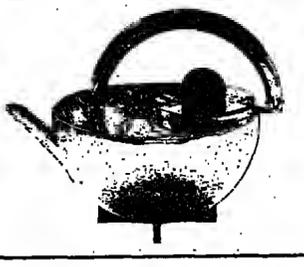
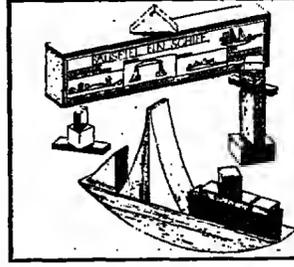
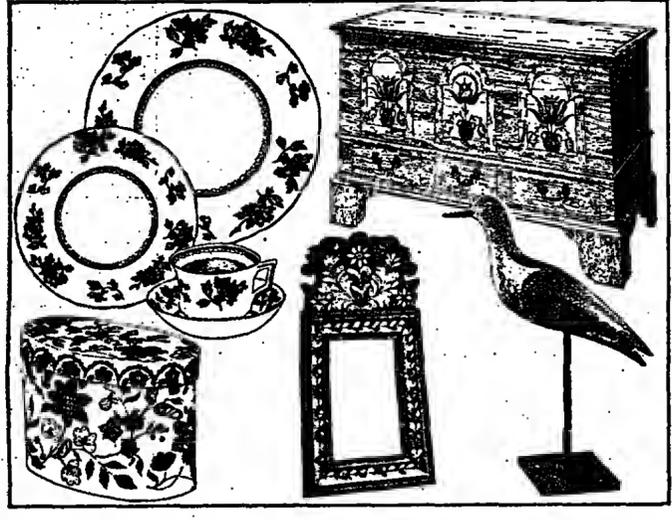
The Smithsonian Catalogue, Smithsonian Institution, Department 0006, Washington DC, 20007-0006. Tel 0101 703-455-1700. A wide-ranging catalogue taking in everything from some inexpensive (\$13) beaded bracelets from Mali, an ancient African bead game called Mankala to a reproduction Windsor chair, a hand-crafted Teal Duck, an illuminated world globe and a copy of the galloping horse of Kameu.

Winterthur Museum, The Winterthur Gallery, Winterthur, Delaware 19785. Tel 0101 302-656-8591 (\$2). Here, from the former country estate of Henry Francis du Pont, comes a selection of modern copies of some of America's fine old antiques. Cream cachepots, brass candlesticks, sterling silverstone garden ornaments, sandalwood carvings, Chinese porcelain and a particularly attractive collection of Christmas decorations.

Triffid Holiday, PO Box 620050, Dallas, Texas 75262-0050. Tel 0101 214-484-1297. (\$2). Very mixed catalogue with something for everybody—particularly strong on American Christmas decorations and



Drawings by James Ferguson



small items (like a charming stocking to sew yourself). Everything from strings of pearls to a finely-wrought reproduction Chinese bina and white vase, miniature rocking-chair, fur, tapestry bag, linen (some wonderful Perry Ellis designs in delicious blue and white) as well as the latest in electronic gadgetry. In other words, a very mixed bag—some of it lovely, some of it you will sincerely hope never to be given.

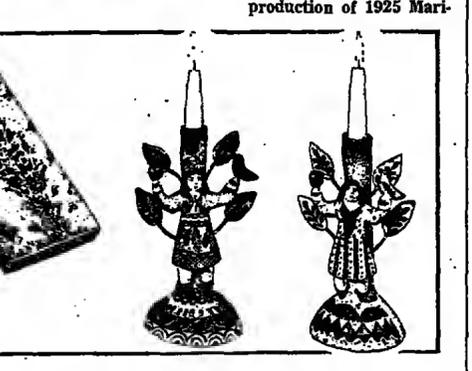
Bloomingdale's by mail, Caller 3270, 115 Brand Road, Salem, VA 24156. Tel 0101-703-338-9155. (\$4). Not everything in this catalogue will appeal to English tastes (lots of beaded blouses and sweaters) but at least it's different. Go for some of Bloomie's own merchandise—its chocolate mini-croissants, jams, packs of knickers or soaps, or a casual "sleeper" which is both more comfortable and more fun than pyjamas.

Look out for some fine saddle leather hand-bags, some Anne Klein mufflers, a glitzy evening sweater and lots of things the kids would love, including a mini TV set in bright pink, green or violet at just \$99.

Neiman-Marcus, Mail Order Division, P.O. Box 2968, Dallas, Texas 75221-2968. Tel 0101 214-823-7933 (\$5). It wouldn't be Christmas without the Neiman-Marcus touch—silver plate cat bowls (and if you don't have a cat to go with the bowl, Neiman-Marcus can provide its customer with a "completely new breed of American domestic feline, the California Spangled Cat), dotty finger gloves, Neiman-Marcus carrier-bags, Neiman-Marcus white chocolate tooth-paste, as well as lots more tempting items for those who like to spend, spend, spend. Some very nice ideas for men, including a delectable-looking Perry Ellis shirt.

L. L. Bean, Freeport, Maine, 04933. Tel. 0101-207-565-4761 (catalogue free of charge).

Finally, an old favourite of mine, not just at Christmas but at any time. This grand old store, out in Maine sells the kind of frontier gear that would be just the thing for good old British winters.



LEFT: From the Williamsburg collection, Williamsburg china, very fresh, very pretty, \$52.50 a dinner plate, \$147.50 for a teapot. Painted pine and poplar blanket chest with three drawers, \$1,890. Bandbox with colonial pattern on outside \$17.25. Painted mirror \$118. One of a series of hand-carved and painted birds, in the tradition of decoy birds, this, the Greater Yellowlegs, is \$135.

ABOVE: Meticulous reproduction of 1925 Marieanne Brandt Teapot, redolent of the Bauhaus. From the Museum of Modern Art's Design Collection, in sterling silver with ebony handles, \$5,000. More Bauhaus influence in these building blocks designed by Alma Sledoff-Buschler in 1923. Wooden pieces can be used to make houses, boats, landscapes, animals—beautifully made, lovely as a child's toy or just to look at, \$35.

anne Brandt Teapot, redolent of the Bauhaus. From the Museum of Modern Art's Design Collection, in sterling silver with ebony handles, \$5,000. More Bauhaus influence in these building blocks designed by Alma Sledoff-Buschler in 1923. Wooden pieces can be used to make houses, boats, landscapes, animals—beautifully made, lovely as a child's toy or just to look at, \$35.

**"I always said I'd rather die than sell my fiddle."**



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## The problem is prime time

BEEF isn't what it used to be. Whether it has changed for better or worse depends on your point of view. The prevailing fashion is for leaner and yet leaner meat, and for meat that's as tender as tofu (bean-curd). But how far are the delicious dreams consistent with flavour and texture?

Fat is probably bad for us—let us accept the conventional wisdom for the moment: tomorrow someone may well tell us differently—but it is good for beef. It helps develop the flavour and it is essential to keeping your joint or cut moist while cooking.

Ester Godfrey, who runs the only butcher's shop in central London which guarantees to sell you genuine Aberdeen Angus beef, and who knows a thing or two about meat, says that his grandfather used to buy the very fattest animals he could find. The heavy layer of surface fat meant that the meat was well marbled. In all likelihood, too, the fat that grandfather trimmed off with such a free hand, would have had the firm texture and creamy colour of the true grass-fed animal rather than the foamy white of too many modern hairy-fed beasts. It would certainly not have had the yellow tinge—or orange, as it is referred to in the Trade-of-cow beef. A by-product of the dairy trade, it is much favoured in France. Even Paul Bocuse serves it in his restaurant. I am told, although it is slightly tougher than the bullock beef that the English traditionally prefer, the

French believe it has a better flavour.

But if there have been radical changes in the type and condition of livestock before slaughtering, there has been a revolution in the way carcasses are treated afterwards.

In our grandparent time a carcass would follow a leisurely progress from abattoir to butcher's block over a period of two to three weeks, maturing in mildly chilled conditions. Today, modern hygiene regulations, better transport, and capital costs dictate a rather different pattern.

Instead of taking a week or so, your Sunday joint will now be in the butcher's shop in two or three days. The trouble is that freshly slaughtered meat is tough and tasteless, and will remain so until lively little proteolytic (protein digesting) enzymes go to work, breaking down the muscle fibres.

There is no disguising the fact that taste and tenderness in meat are the products of natural decay. Luckily for us the process can be strictly controlled through precise treatment in specific conditions, that is hanging or maturing in some other way, that takes time.

Most meat is delivered for sale the following week. Ideally, however, prime cuts of beef need two or three weeks to reach their prime, depending on the conditions; and if dry hung, they will lose up to 10 per cent of their weight through evaporation.

You don't have to be a

butcher to work out the consequences for cash flow. The fact that so much capital is tied up for so long, on top of the running costs of the cold room and the weight loss, is a deterrent to all but the most dedicated. Even they will have recourse to the modern methods of vacuum packing to keep steaks in proper condition until they are needed.

With supermarkets there is no choice. It's straight into the packaging plant, for trimming and vacuum packing and storing. It may not be romantic, but it's economical. There is virtually no surface discoloration, there is no evaporation. The meat is neatly trimmed before packing so the thrifty shopper knows exactly what he or she is buying.

The trade would say of vacuum packing that three weeks in the cold room in this condition has precisely the same effect on the flavour and texture as three weeks dry hanging



FOOD FOR THOUGHT

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# Sisters in Society

THE IT GIRLS: ELINOR GLYN AND LUCY DUFF GORDON by Meredith Eberington-Smith and Jeremy Pilcher. Hamish Hamilton. £14.95. 274 pages.

"IT," as we know, means Miss Clara Bow. In Hollywood, in 1926, Elinor Glyn coined the term for sex appeal, zest, and je ne sais quoi. Elinor Glyn herself had "it"; her sister Lucy designed gorgeous dresses which lent "it" to the wearer. The stories of the two sisters from Jersey have been written before, but this new book, with fresh research, tells how the sisters were both allies and rivals, and relied on each other to create the romantic aura which brought them both fame. Elinor was beautiful, a flame-haired temptress, too exotic and too well dressed to be easily accepted in the society of which she sometimes adorned the fringe. Her ambition was a happy and worldly marriage. She had flirted before, but when she wedded Clayton Glyn (landed gentry) she thought her future was secure. Alas, Clayton was heavily in debt, his house let, and his remaining capital quickly spent on good living, grand hotels, and his wife's clothes. Elinor soon found she was virtually supporting her husband and two daughters by her novels, once written as a diversion. So she could work in peace, she built an annexe to the tiny house in which the family now lived. She furnished her "Trianon" in the Louis style (both sisters had a passion for 18th-century France) with a rose-festooned bedroom beyond Boucher's imagination. I always find the novels of Elinor Glyn immensely enjoyable and much underrated. Two early works, *The Visits of Elizabeth* (1900) and *The Vicissitudes of Evangeline* (1903) have a sparkle not far from Milford shimmer. *The Career of Catherine Bush* (1917), the story of a money-

lender's secretary who contrived to marry a Duke, observes society as sharply as E. F. Benson's brilliant novel, *The Climber*. Her most famous work, *Three Weeks*, is quite atypical; the passionate story of rose bowers and tiger skins sold over a million copies, and changed Elinor overnight from a respectable lady to a Sybilline love goddess.

Elinor was virtually self-educated, let loose as a girl in a well-stocked library. Had she received a formal education, been to Girton, she could never have written *Three Weeks*; the rambling roses would have been severely pruned. Elinor bad, as Cecil Beaton spotted, a "abrewd and practical" side. Her advice to her god-daughter on marriage (*Letters to Caroline* 1914) always be gentle with your husband, never lose your temper, never criticise his friends, try to share his interests... could be the voice of Mme de Maintenon addressing her charges at St. Cyr.

While Elinor was becoming famous, Lucy had arrived. She had always designed dresses (Elinor had been her best advertisement), and after an expensive divorce she set up shop in 1906; soon she took a house in Hanover Square, and there was born *The Maison Lucile*. Clients flocked: Lily Langtry, Margot Asquith and the Duchess of York. Lucy made striking innovations in the world of couture. She showed her clothes on glamorous girls who paraded on a cat walk, and she gave dresses names à la Glyn, "Scented Success" and "Persuasive Delight." She was an early psychologist of colour: purple was for passion, blue for purity, yellow for luck. Green was the colour of rest and hope; after her daughter was married: I put all my dreams for her happiness into a little dress of palest green chiffon. It looked like a cascade of leaves blown together, the



Elinor Glyn: underrated as a novelist

sort of dress Eve might have worn, if she had worn a dress.

How enchanting it sounds, and the true reason for Lucy's success was that her clothes were absolutely lovely. She was a wonderful designer; her work had the inspiration and cut of true Paris couture, and a dress now in the Victoria and Albert Museum, a white satin Empire sheath with black velvet bodice, explains why Cecil Beaton stargazed at Lily Elsie robed by Lucile. When she showed in Paris she had a triumph, and stirred Cécile Sorel, Réjane and Mata Hari.

Although she was pretty when young, she never had Elinor's allure. She was quite content to wear dowdy, off-the-peg dresses herself while fashioning chiffon dreams for others. She had no social aspirations; although married en deuxième nocces to Sir Cosmo Duff Gordon, a country-loving Scot, her friends were in the world of theatre and design.

It was Lucile who dressed Elinor for the fateful day of

July 23, 1907. Elinor acted the heroine in a charity matinee of *Three Weeks*; the performance was attended by Lord Curzon, who sent her a note of congratulations. This began the great love story of Elinor's life. The outline is probably familiar. The affair was conducted with total concealment. The authors have discovered a photograph of Elinor and Curzon together at a shooting party and papers which prove that Curzon (a parsimonious man) gave money to both Clayton and Elinor, taking out an option on her, so to speak.

It is greatly to Elinor's credit that she engaged the affections of the prodigal and most discriminating man of his time for nearly eight years. She knew he wished to remarry but *Three Weeks* had made her notorious. Curzon flirted with two American heiresses, Ava Astor and Gracie Duggan, who became his wife. He also wanted a son to inherit his accumulated honours but this was not to be.

After her conquest in 1916,

Elinor went to France as a war correspondent, visiting the trenches and writing at the Ritz. Lucy flourished in America, opened branches in New York and Chicago and made a profit of £40,000 a year. Alas, she was to lose all, she was wildly extravagant, never guessing her income might cease. After the war her style was outdated: short skirts, bobbed hair and Chanel were the mode. Her morale crumpled and she retired to a life of quiet gentility in Hampstead.

Elinor, ever avid for the new, went to Hollywood, where she was royally feted, and invented "It." She came back to London, filled Mayfair flats with tiger skins and had many admirers. As Henry James wrote of Sarah Bernhardt, "she had a great go at life."

The story of Elinor and Lucy is deftly told and will appeal to all interested in Edwardian life, theatre and fashion. My sole lament is that a book about two such vivid personalities should lack colour illustrations. **Jane Abdy**

# Banker's progress

A MAN OF INFLUENCE: SIR SIEGMUND WARBURG by Jacques Attali translated from the French by Barbara Ellis. Weidenfeld & Nicolson £16.95, 346 pages.



Siegmund Warburg: "a kind of monastic devotion"

THOUGH ECONOMIC adviser to a Socialist President who nationalised the banks, the French author of this book (which was noted on its appearance in France by David Housego, FT, October 10, 1985) believes in bankers. In the last two centuries, he asserts, "it is the financier far more than the artist or the industrialist whose influence has been unquestionable." And, by implication, the influence has been beneficial. Disaster has ensued only when the politically powerful have failed to listen.

It is his enthusiastic, at times even typical, attitude to the profession of his subject that helps to make Jacques Attali's biography such an engrossing book. Even those who do not accept the author's verdict that Sir Siegmund Warburg's life "shows beyond doubt that there is no manipulative group behind the political scene" will be intrigued by this deft and vigorous portrait of a man widely seen as the greatest banker in the City of London since 1945.

Attali's achievement is in describing, not just an individual, but a tribe, a tradition and a way of life. The most interesting chapter is about Siegmund's tribal heritage. Though often dismissed as a parvenu, in reality he sprang from a line of Jewish banking aristocracy, with scions all over the world.

Siegmund's first ambition was politics, but the Nazis put an end to that. Briefly, he advised the right-wing Foreign Minister von Neurath. Neurath's inability or unwillingness to stand up to the dominant party convinced him, however, of the need to depart, and in 1933 (after other members of his family) he settled in England, a country he already knew. Though not exactly poverty-stricken—influential contacts

and a few thousand dollars salvaged from Germany saw him through—it was a harsh new beginning. In Germany he had been at the centre; in London he was on the margins, and the rancour he felt towards the City Establishment, full of people who are usually mistaken, because they only admire those who are like themselves, never left him. The war and its aftermath provided his opportunity, and the new bank of S. G. Warburg flourished on the post-war boom—though profits grew slowly, from £40,000 in 1945 to £200,000 in 1955 and £500,000 in 1959. Thereafter, advance was dramatic, and by 1965 Warburg had become the leading bank, along with Morgan Grenfell, in the City. A key turning-point was a successful bid for control of British Aluminium in 1958, Siegmund putting himself against all that was blimpy on the British financial scene. When Labour came to power, the new Prime Minister brought him in as an adviser and knighted him. "From von Neurath to Harold Wilson" would have made a good motto for his crest.

What did he have that others lacked? His biographer argues for a kind of monastic devotion, in which intellectual values mattered more than profits. He had, or affected, a contempt for people "who have a sort of erotic relationship with money," a deviation he likened to necrophilia. In business terms, he was a catalyst of new ideas, an enemy of mental sloth. His most vital quality, however, was his detachment. Having abandoned German politics, he never acquired a commitment to any guiding cause (though he took some interest, as a non-Zionist, in the development of Israel). He was interested, not in power, but in getting things right.

A global, rather than a wandering, Jew, he was not handicapped by any desire for the limelight. He was fond of quoting Dwight Morrow: "The world is divided into people who do things and people who get the credit. Try if you can to belong to the first class; there is far less competition." Attali sees him as a force for good. He was certainly an agent of change. Probably, his lack of conventional megalomania helped to keep his influence harmless or peripherally benign. Nevertheless, one is left at the end—after riveting tales of takeovers and mergers, of government's heading or failing to heed Siegmund's sage advice—asking the child's question: "What is that man for?" **Ben Pimlott**

## Fiction

# Killer who followed his nose

PERFUME by Patrick Süskind. Translated from the German by John E. Woods. Hamish Hamilton, £9.95, 196 pages.

THE SILKEN THREAD: STORIES AND SKETCHES by Cora Sandel. Translated from the Norwegian by Elizabeth Rokkan, Peter Owen, £9.95, 175 pages.

PASSING THROUGH: STORIES by Don Bloch. Heinemann, £10.95, 280 pages.

ACROSS by Peter Handke. Translated from the German by Ralph Manheim. Methuen, £9.95, 138 pages.

THE LATER ADVENTURES OF TOM JONES by Bob Coleman. Bodley Head, £10.95, 346 pages.

PATRICK SÜSKIND'S *Perfume: The Story of a Murderer* is not merely an instant best-seller of the high market sort; it is also an instant classic, coming to us (so to say) directly from television. The German author was a writer for television before he came to classic novel-writing, with his book typed as "worthy of comparison with the great European masters." The trouble with the Euro-

pean masters, as Herr Süskind might well put it if he could be magically transported into their company, is that they did not go straight for the fashionable commercial kill; they wrote what they needed to write, they did not look around for likely subjects. *Perfume* is about Jean-Baptiste Grenouille, boro under a bloody fishmonger's slab in eighteenth-century Paris. His mother is decapitated for infanticide (he escapes by accident). He is put to a wet nurse. He has a marvellous sense of smell but himself does not smell at all. The fantastic tale ends in cannibalism.

*Perfume* is a shrewd and skillful mix of historical novel and quasi-surreal fantasy. At all points it is disgusting—and, to adapt Keats' famous and just phrase, its disagreeables entirely fail to evaporate. There is something highly unpleasant about an instant classic. Only one person will decide what a classic is: the common reader. *Perfume* will be forgotten by the time Herr Süskind sells his next classic. If you like nastiness in a world where there is already a great deal of it, then read junk horror books. At least that carries no taint of the literary.

The Norwegian novelist and short-story writer Cora Sandel (her real name was Sara

Fabricius) died in 1974 at the age of 94. She began as a painter, lived in Sweden for many years, and her genius as a writer was not fully recognised until the very last years of her life. Her *Alberta* trilogy, a trenchant self-examination really is a classic. Peter Owen has been a pioneer in the issue of her books in excellent English translations by Elizabeth Rokkan, and he continues the good work with this fine collection of stories and sketches written between the years 1904 and 1972.

Cora Sandel was perhaps the most honest and lucid recorder of the "small" events and emotions in the lives of the women (of many nations) of this century, and, as her translator suggests, in an excellent introduction, she was perhaps at her very best in short forms. Certainly these sketches, mostly very short, contain a wealth of subtle observation, and reveal the full sensibility of one of the finest of all women writers of our century. This ought to be a best-seller. This ought to be a best-seller.

Don Bloch's three long stories in *Passing Through* are set, respectively, in Indonesia, in North Yemen on the Red Sea coast and in Kenya. He brings to his crowded and touching narratives—which

show an extraordinary ability to reproduce the peculiarities of speech—a hint of the expertise of Kipling, Conrad and Stevenson. The narrator is an unhappy expatriate, an "expert" in "development" in Africa and Asia, who feels that he and his friend and partner Koort Jan differ little, but who clearly wants to help where he can. *Passing Through* has all the virtues of an excellent travel book with much more than that.

The German novelist Peter Handke is most famous in this country for his story *The Goalie's Anxiety at the Penalty Kick*, and for the excellent movie based upon it. *Across* is a deeper book, but is—again—an exploration of murderousness and its consequences. A teacher of classics, very regular in his habits, he sees a tree defaced by a swastika. He tracks down the defacer and kills him. His crime gives him real life. This narrative is slow, phenomenological, perhaps a little lurid. But it is always fascinating, and Ralph Manheim has caught its elegant and grave note to perfection.

Bob Coleman went to University in his native America and wrote a dissertation on Henry Fielding. He is now a business consultant but, such



Patrick Süskind: 18th-century French villain's tale

are the temptations of art, he acts his hand to a sequel to *Tom Jones*. Either pastiche efforts are very very good, or they are very very bad. This one is not

**Martin Seymour-Smith**

MOMENTS OF REPRIEVE by Primo Levi. Michael Joseph £9.95, 172 pages.

IN FEBRUARY 1944 Primo Levi was deported along with 850 other Italian partisans, to Auschwitz: "a name without significance for us at the time, but it at least implied some place on earth." Only three of the partisans survived, of whom Levi was one. The need to tell the story, to bear witness, was afterwards so urgent that in *Moments of Reprieve*, this excellent collection of short stories about Auschwitz, Levi likens himself to Coleridge's Ancient Mariner. "And till my ghastly tale is told This heart within me burns."

MY PRIDE AND JOY by George Adamson. Collins/Harvill, 12.95, 304 pages.

GEORGE ADAMSON enjoys a cooling swig of gin at 11 each morning. Whisky and tobacco relax him at night. Which would be enough health hazards to satisfy most people. He, of course, adds rehabilitating unwanted lions to the wild beside a crocodile-infested river in a camp where the scorpions and snakes lurk in unexpected places. Mid-morning gin is the least of his worries. Bill Travers portrayed him famously in the film *Born Free*, but his life before and since is just as extraordinary and full of risks. All through the book people are being gnawed, squeezed, bitten and killed by

# Bright eye

Levi has, of course, already told much of the ghastly tale in the now deservedly classic *If This is a Man* (1947); but the horrors of Auschwitz have, not surprisingly, provided Levi with an inexhaustible fund of memories and impressions: horrors without the experience of which Levi would not, as he himself readily admits, have become a writer in the first place. Incredibly, Levi has never used his writing to take

revenge on his would-be murderers: the tone of these 15 stories, written at different times and on different occasions but published in Italy five years ago, is remarkably forgiving, the prose carefully wrought and deliberately uncomplicated, proof that our everyday language does not, as some have claimed, lack words with which to express the demolition of man.

*Moments of Reprieve* is a welcome addition to the work of a man whom the late Italo Calvino quite rightly called "one of the most important and gifted writers of our time." Ruth Feldman's translation does full justice to Primo Levi's original stories. **Ian Thomson**

# Elsa man

the animals they study. One unfortunate Japanese interviewer spent a week in hospital after a lion took her head in its jaws. With great courage she resumed her work—to be seized round her neck by a leopard. Undaunted, she returned in a neckbrace to finish the documentary. Which tells you something about Japanese determination. Exciting anecdotes abound, as do odd snippets on animal behaviour. I now know things never

taught me about mating habits, from elephants to foaming tree frogs.

But the future for Adamson's work is uncertain. Rehabilitating lions is a controversial business. While those in charge of reserves and game parks have over granting him permission to carry on, greedy hunters, drought and the grazing needs of desperate native tribes threaten the fragile ecology the animals need if they are to survive at all. Despite all this and the murder of his wife and the death of his brother and partner Terence, he is not bitter, just sad. As he writes, "There is only one happy ending to a true tale of the wild and that is a question mark."

**Valery McConnell**

# Wilson of Rievaulx

MEMOIRS 1916-1964: The Making of a Prime Minister by Harold Wilson. Weidenfeld & Nicolson and Michael Joseph, £14.95, 214 pages.

THERE is only one really interesting question left about Harold Wilson. Why did a man who seemed to promise so much achieve a little? Or, to put it more subtly, why does he fail to ask the question himself?

Wilson has now written three books directly about his period in politics. The first and very long, *The Labour Government 1964-1970*, at least gave a useful account of the hectic pace at which business was conducted. The much shorter *Final Term* covered his return to Downing Street in 1974-76. The pre-1964 *Memoirs* are subtitled *The Making of a Prime Minister*. The explanation for them all, given in the prologue, is: "I did not want historians to read what they read in an entirely hostile set of newspapers or even in *The Times*. There was hardly a single editor or writer who had a clue about how government was run and I was intent that the record should be put straight."

It is tempting to conclude that he must have been a very boring man from the start. Some of the evidence bears that out. Among his favourite maga-

zines as a boy were *Mecano* and *The Scout* to which he submitted an article on a visit to an Australian gold mine. It was rejected. At the age of four he was asked to write on a blackboard the longest word he knew. It was "committee." At Oxford he won the Gladstone Memorial Prize for an essay on a subject he describes as dear to his heart: It was "The State and the Railways 1823-62."

He spent part of his war modernising the statistics of the coal industry and he says of his early Parliamentary experience: "I had for ten years been one of the dullest speakers in the House of Commons. I always knew my facts and produced them doubtless at excessive length." It was the arrival of Harold Macmillan at the Treasury when Wilson was Shadow Chancellor that brought about a transformation. "There must have been a chemistry at work, which brought out the best in both of us," he writes. Certainly the admiration for Macmillan in these *Memoirs* is unbounded.

Wilson became a devastating speaker and, on the death of Gaitskell, the Labour leader who seemed certain to sweep the country. The commentator Robert Mackenzie said of his first speech as leader to the Party Conference: "Harold Wilson has moved the Labour Party forward 50 years in 50 minutes." The rest is history. It was promise largely unfulfilled.

Wilson's own theory of the best style of government is explained here as "like rowing—the ideal solution is to get the boat along as quickly as possible without turning it over." Perhaps that is all he did think and there is no inner Harold Wilson yet to be discovered, or is he laughing behind our back? The book contains a sharp passage on Beveridge, for whom Wilson once worked: "an administrative genius, probably without parallel in this century. . . . But had he been granted the power he sought, I would have trembled for democracy." There is very little new on Bevan and Gaitskell, though Wilson is at pains to make it clear that his own resignation from the Attlee Government was more about the costs of rearmament than the imposition of prescription charges. That is about it.

## Malcolm Rutherford

HAROLD WILSON was one of several Prime Ministers who played a part in the development of the Commonwealth Parliamentary Association, an interesting and well-researched history of it from 1911-1985. The *Parliamentarians* (Gower, £25.0, 318 pages by Ian Grey) has just appeared.

# South Bank to Lebanon

A BRITTLE GLORY: AN AUTOBIOGRAPHY by Paul Wright. Weidenfeld & Nicolson, £15.00, 214 pages.

DIPLOMATIC MEMOIRS are not on the whole a satisfactory genre. Many among them, while undoubtedly giving pleasure to family and friends, have not acquired a much larger audience than if they had been privately printed. There are, however, exceptions of two kinds—those whose authors had the good fortune to be intimately involved in events of compelling interest and significance, and those which tell a less exceptional story with elegance and wit. Sir Paul Wright's volume is in the latter category.

He first displayed an aptitude for diplomacy (not apparently recognised as such at the time) at the age of six, when he was horrified by his nanny's assurance that if he was good Jesus would appear to him: "So I set about devising ways of being naughty enough, at least once a day, to ensure beyond all possible doubt that no Appearance would or could take place—but, of course, not sufficiently naughty to incur human wrath in the shape of a disappointed Nannie, or worse, an enraged parent. The first, no doubt, of many shrewd compromises. It was as an experienced diplomat in public relations, first for the National Coal Board and then for the Festival



Paul Wright: blowing Britain's trumpet

Foreign Service, being helped on his way by timely advice from Herbert Morrison and Gladwyn Jebb. He was later to be appointed Director-General of the British Information Services in the United States, an important and absorbing post in which his achievements were certainly not brittle though perhaps lacking in glory. The title he has given to his memoir is presumably the result of reflection on his last two assignments, as Ambassador to the Congo (now Zaïre) and then to Lebanon. In Kinshasa he was largely engaged in trying to stimulate

and those responsible for British overseas aid in the Congo's great potential resources. In Beirut he was the last British Ambassador to experience the normal course of Lebanese life. It was not apparent before the first signs of the disintegration of that beautiful country, and he was obliged to accept for his protection a constant escort of two armed police officers. In describing these two experiences he presents an illuminating picture of the life of an Ambassador, with the natural omission of any detailed account of his written and telegraphic exchanges with London on matters of policy.

It is commonplace that memory plays strange tricks. Paul Wright was in charge of the Cairo Embassy when I arrived there in 1961, and describes the arrangements made by the Egyptian protocol for the presentation of my letters of credence, including "a convoy of ancient Rolls-Royces." Until I had distinctly remembered not only that I was driven to the Kubba Palace in a Cadillac but also that when a new American Ambassador arrived shortly afterwards the car sent to carry him to the ceremony was a Rolls-Royce. I have no rational ground for thinking my recollection more reliable than Sir Paul's, but I intend to cling to it as having, whether true or false, the merit of accuracy. I don't the Egyptian sense of humour.

**IAN MACGREGOR**  
WITH RODNEY TYLER

**THE ENEMIES WITHIN**  
The Story of the Miners' Strike 1984/5  
£15.00  
Collins

طراز من الالصال

# and in writynge

THE THEME of this year's Festival, insofar as it has a theme, is the part played by the drama not only in the theatre but in writing across the board. We have been well-provided with actual theatre, compensating to some extent for the fact that, as the Town Hall is under repair and the proceedings have had to be moved into the Everyman Theatre, the usual particularly "intellectual" theatre production has had to be skipped.

The substitutes have been worth while. Most unexpected, to me, was *The Balm Yard*, put on by a black company, Stanuch Poets and Players. A balm yard is a place of healing in Jamaica, where Mother Beldia (Jennifer McLeod) gives her blessing to those who need it. There is a young couple, Edna and Samson, and a Prime Minister who stands for modern imperialistic ideas while the others hold their traditional ideology, personified by Batoula, a saintly guru. The argument is about the relative merits of two ways of life. It is delightfully presented in speech, song and dance.

Next came *A Mouthful of Birds*, by Caryl Churchill and David Lan. This has been touring since it opened at Birmingham last month (reviewed in these pages); a chain of brief plays on the subject of mental possession, linked with the story of the Barchinon script was produced in the usual Joint Stock way, with 12 weeks' work by the whole company.

Perhaps because the company is too close to the script, they have left too few signposts for the audience. What they do is splendid to look at, but no easier to understand than one visit than, say, *Swan Lake* would be if you didn't know

whom the dancers represented. Fine acting, fine dancing, fine direction — but too much mystification.

Other theatrical subjects in this past week have been an interesting talk by Michael Slater on the wholesale influence of the play on both the life and writing of Dickens; and two lectures by Michael Meyer on Ibsen and on Strindberg. Mr Slater hovered perhaps too long about *Nicholas Nickleby*, his most profitable source, but he had a good deal of interesting information to impart, and imparted it with wit. As for Mr Meyer, he had told us so much about Ibsen that it was difficult to ask questions: one had to move into such matters as the varieties of the Norwegian language. He was equally comprehensive about Strindberg, but my conclusion was that his heart belongs to Ibsen.

"God keep lead out of me," devised by Oliver Ford Davies and Julian Pettifer of the Royal Shakespeare Company, was based on Shakespeare, but it was not meant to teach us anything about the text. It was a recital of quotations that illuminated Shakespearean characters' ideas about war; hence, if you like, Shakespeare's *Shakespeare* knew a great deal about war, and there is a theory that he spent some time as a soldier. It was therefore easy for the quotes to suggest that he was a pacifist, and I dare say most of us would like to believe that he was, in spite of Henry V and *Cymbeline*. The subsequent discussion, at any rate, came down mainly in favour of peace.

Items unconnected with the theatre included a talk on *The Fiction Magazine* by its inventor and editor, Judy Cooke. She aroused great interest in her

largely feminine audience, who crowded around her afterwards to find out, without actually asking, how to get a story into this solitary showplace for short fiction, or at least how to write a good short story, or perhaps most important, how to find a bookstall that carries the magazine.

Later that day there was a talk by Piers Paul Read on "History in Fiction." I do not mean to be unfair when I say that it dealt mostly with Mr Read's own favourite bit of history (France and Germany from 1920 and now) and with Mr Read's own fiction. The talk raised a small number of interesting questions afterwards.

There were poetry readings galore, including the poems of the TLS/Cheltenham Festival competition, for which the TLS provided one set of winners, chosen by its readers, and the official judges a quite different set. Craig Raine and Christopher Reid read from their work on Monday morning; Kevin Crossley-Holland, Fleur Adcock and Peter Porter on Monday evening; Wendy Cope and Oliver Reynolds read on Tuesday. I found Wendy Cope much the most enjoyable and the most technically accomplished, besides being the best reader. (How can a poet who says "drawing" venture on cultural composition?)

The name of Anubon Wagh drove a crowd home, but even with the presence of Peter Cook, Henry Root, Anna Ford, Kate Kellaway (who's she?), Paul Theroux and Keith Waterhouse, all he offered was a cheap and vulgar advertisement of a monthly slim volume. I decline to mention the name. Better big names next week.

"SUGGEST HOW you would resolve the staging difficulties inherent in a production of Ibsen's *Peer Gynt*," demands Open University tutor Frank In Willy Russell's *Educating Rita*. It is a topic to take the ingenuity. The action takes place over half a century; the locations range from the mountains of Godbrandstad to a lunatic asylum in Cairo; and its cast includes dancing girls, trolls, witches, goblins and a singing statue. Rita's advice? "Do it on the radio."

Radio is the biggest single market for dramatic writing in the country. The BBC produces 500 new plays annually on Radios 3 and 4—more in a fortnight than in an entire year at the National Theatre—and many of them are written by first-time dramatists. With the largest radio drama department in the world, the BBC is justly proud of its role as a corporate Cosimo de'Medici, discovering and fostering new talent to nourish its radio-phonetic Renaissance.

Richard Imison, script editor for BBC Radio Drama, is instrumental in feeding the medium's voracious appetite for new material. His department receives 10,000 manuscripts a year, by writers from every conceivable background, occupation and age group.

Years ago the bulk of unsolicited scripts were for television, for obvious reasons. It's the most glamorous, the best paid, the most publicly visible. Over the years, television has not diminished in its appeal, but its market for the single play has shrunk dramatically. The opportunities for a new voice to be heard on radio are much greater, not because the standard is lower—rather the contrary—but because of the sheer volume of drama broadcast each year.

The continuing search for new writers has received additional impetus in recent years by the Radio Times Drama Awards which were launched in 1973 to

celebrate the 50th anniversary of Radio Times. The competition, a biennial event since 1980, has proved a rich source of new talent for both radio and television. The 1988 winners will be announced next Thursday.

Leonard Pearcey, the competition's organiser, enthusiastically reports an unprecedented 1,750 entries, 89 of them for radio. The winners of each section will receive £5,000, a broadcast of the winning script, and a technical help, advice and publicity, and probably the biggest single boost of their creative lives.

This was the case for Stephen Dunstone, joint winner of the award in 1983 for his tragicomedy *Who is Sylvia?* He is now working on his fourth play for radio.

Who is *Sylvia?*, a poignantly funny play about suffering and blind faith, exploited one of the unique features of radio; half its cast were cockroaches.

*Arrived Safe, Writing Later* juxtaposed two periods of time and two sets of characters, 50 years apart. The play had a strong, supernatural element; which Dunstone feels would have been at odds with the more concrete imagery of television. "On radio you can be real without giving all the details of the

actors. For the disaster of *Antony and Cleopatra*, he blames the late Samuel Barber, whose music was not grand enough to match Zeffirelli's colossal production.

In short, this is an ungenerous book (despite all the sanctimonious talk about God in the latter part), often unconvincing, sometimes irritating in the Jewish scatter of famous names. Zeffirelli is ungenerous even towards opera, which has been so generous with him; he calls it a "rather dusty art form." Purists, to arms!

William Weaver afforded must surely have contributed to his musical development.

Throughout the period up to the outbreak of the First World War Sibelius travelled widely to conduct his own music.

On all of this, between the recitations of travel itineraries and concert programmes, Tawaststjerna is a kindly and evocative commentator. The problems begin when he transfers the same descriptive criteria to his discussions of the music.

On smaller-scale works—the incidental music to *Pelleas and Melisande*, and Beethoven's *Feast*, the two waltz Serenades and even more of the less ambitious tone poems—the purely literal, programme-note style gets by. When it is applied to much more complex structures such as the two symphonies completed during the period and the curious halfway house between programmatic poem and abstract symphony of *Pohjola's Daughter*, it becomes frustratingly inadequate.

Blame laid at others' doors

Zeffirelli by Franco Zeffirelli. Weidenfeld & Nicolson, £14.95, 358 pages.

NO ONE who saw Callas's last Tosca or Sutherland's first Lucia at Covent Garden could be anything but admiring and grateful to the producer who was to a large degree responsible for their unforgettable artistic achievement, their intense beauty. And to these two productions, others—many others—could be added, ranging from a magic *Euridice* in the Boboli Gardens of Florence, 20 years ago, to a more recent *Trois* at La Scala.

In this autobiography, which

Zeffirelli claims to have written (although could he really have misspelled so many Italian names, and made such elementary mistakes as stating, twice, that *Aida* was written to celebrate the opening of the Suez Canal), the producer says some interesting things about his most important work. Unfortunately, he—or his ghost—also goes on at unnecessary length about stagings and films that fell far below his best level. And, as if to ward off objection, the book assumes a hectoring tone, laying "critics" and, worse, "purists" who dare dissent.

In his determination to

declare his independence from Luciano Visconti, who discovered and largely trained him, Zeffirelli adopts a sharp critical tone towards much of the elder man's work (he is particularly severe with *La traviata*, which many consider a masterpiece); but his indulgence towards his own product leads him to find qualities in a bit of trivia like *Camping*, his first film.

Admitting failures (he could hardly pass off a turkey like *Endless Love* as a success), Zeffirelli regularly attributes his responsibility to others: unimaginative producers, unco-operative critics, temperamental

actors. For the disaster of *Antony and Cleopatra*, he blames the late Samuel Barber, whose music was not grand enough to match Zeffirelli's colossal production.

In short, this is an ungenerous book (despite all the sanctimonious talk about God in the latter part), often unconvincing, sometimes irritating in the Jewish scatter of famous names. Zeffirelli is ungenerous even towards opera, which has been so generous with him; he calls it a "rather dusty art form." Purists, to arms!

Reluctant to probe

Sibelius: Volume 2, 1864-1914 by Erik Tawaststjerna. Translated by Robert Layton. Faber £17.50.

THE PUBLISHING history of Tawaststjerna's epic biography has acquired already the complexity of a Bruckner symphony. The author writes in Swedish and supervises translations into Finnish; in Finland four out of five projected volumes have appeared so far, while one of three has been published in Sweden.

Robert Layton's translation is from the Swedish: his first volume was published by Faber 10 years ago and corresponded to the first two Finnish sections; the second part corresponds with the third Finnish volume, with some additional material drawn from the fourth.

Layton and Tawaststjerna left the chronicle at the end of their Volume 1 with Sibelius just breaking into the international musical world; the

Second Symphony had made his name, and the Violin Concerto had been finished in its first version.

The present book takes the story on through the Third and Fourth Symphonies, together with *Pohjola's Daughter*, *The Oceanides* and *Lemminkäinen*; the precise works, in fact, in which Sibelius found his deeply personal style, and shook off the last vestiges of 19th-century romantic symphonism. All the ground work for his achievements of the Fifth, Sixth and Seventh Symphonies, as well as *Tapiola*, was laid in these years.

Though Tawaststjerna sets out to treat life and music with equal thoroughness, the latter (like the first volume) is much stronger on day-to-day biographical details than on perceptive analytical details. He has been granted access to all the Sibelius family's archives, to the letters the composer wrote to his wife

Aine and his friend Axel Carpelan, and crucially to the diaries that Sibelius began to keep in some detail in these years.

It's hardly surprising that the author should have been keen to present as much of the information he had to hand as possible and there's no doubt that he has produced the definitive account of Sibelius's life. It contains alongside the chronicle, fascinating side lights upon the cultural world in Finland in the first decade of the 20th century, and the composer's relationship to it, as well as his dealings with European composers of the time—Busoni, Mahler, Rakhmaninov.

The beginnings of Sibelius's withdrawal from the world are charted too; the villa he had built at Järvenpää, and which he had named *Alvola* after his wife, was to be his home for the rest of his life, and the sense of stability and retreat which it

Mozart: Don Giovanni. Ramey, Tomowa-Sintow, Baitis, Battie, Winbergh, Furlanetto, Malta, Burchaladze, Berliner Philharmoniker / Karajan. Deutsche Grammophon 419 179-2 (three CDs).

Wagner: Der Ringende Holänder. Estes, Bailey, Salminen, Schank, Schlemm, Clark, Bayreuth Festival Chorus & Orchestra/Nelson. Philips 416 300-2 (two CDs).

Vendi: Otello. Domingo, Ricciarelli, Diaz, Di Cesare, La Scala Chorus & Orchestra/Mazzel. EMI CDS 7474508 (two CDs).

A flavour of Herbert Von Karajan's first recording of Don Giovanni comes from the cover illustration. It shows Samuel Ramey costumed for the title role in immaculate white, flourishing a handkerchief; the impression is one of carefully studied artificiality, lacking both dramatic life and sexuality, a neutered Giovanni with a prurient thought in his head. It is precisely that dimension of physicality that is consistently lacking in Karajan's account of the score; with a cast of enormous potential he has managed to iron out the opera's emotional curves, drain the blood from the plot.

The style and sound world of his approach is evident from the overture; textures are plush and intrinsically soggy, tempos at best measured. The immensely thorough preparation and attention to instrumental

detail, which are the hallmarks of Karajan's symphonic style, here wreck the performance before it has properly begun.

Lepporello's first aria is leaden and apparently characterless, and it is only when Ferruccio Furlanetto breaks free of the orchestral blanket in some of the recitatives that one realises what a carefully observed portrayal was there for the taking, had the conductor been at all interested in establishing the work on a credible theatrical basis.

Much the same is true of Ramey's Don, always elegant of tone and phrasing, capable of severity and menace without a hint of strain. Yet he parades his abilities at arm's length, never making the transition from vocal accomplishment to theatrical effectiveness.

Brief exponent again, to Thomas Allen's demonic portrayal on Edith's recording reveals the limits set upon Ramey's characterisation. The Anna, Elvira and Ottavio are all fundamentally weakened by the flabby conducting; how could Agnes Baitis have injected fury and venom into "Al chi mi dice mai" when Karajan hobbles her with his anodyne smoothness, or Gsta Winbergh recover some sense when the introduction to "Dalla sua pace" is so lethargic?

Anna Tomowa-Sintow's Anna comes nearer to a fully rounded

Records

Emotions ironed flat

and with punches never pulled, and less acceptably in the high level of stage noise that the compact discs convey. I'm not sure the sense of occasion outweighs the shortcomings, not only those already mentioned but in the generally dull-edged performances.

Simon Estes' rather muted account of the central role in the Covent Garden production of *Holländer* earlier this year was generally blamed upon the hysterically abused production; the recording reveals that his is not in essence an especially interesting view of the part. For all his reserves of smooth, rich tone, Estes' vocal colouring is limited and reserved; nobility is the only quality he conveys with any conviction. Lisbeth Baskley flares intermittently as Senta; Robert Schunk (Erik) and Maati Salminen (Daland) are vocally secure yet fundamentally prosaic. Graham Clark's Steersman is vivid, stacking his phrases with enthusiasm which could have been usefully transmitted to his colleagues.

Those who lamented Zeffirelli's excision of Desdemona's Willow Song from his screen *Otello* will be pleased to discover that the recording made in conjunction with the film restores all of the music omitted, including the Willow Song, which Katia Ricciarelli sings most desolately. I have not seen the film; the

most interesting aspect of the torrent of critical opinions it has stimulated has been that cineastes have generally welcomed it while opera critics have been more sceptical. The divergence is made the more fascinating by the recording, which emerges with great distinction in several departments.

The disappointments may be enumerated first. Ricciarelli, despite much stylish and poised singing, is a rather pallid protagonist, one of nature's victims from the outset yet not as sympathetic as one might expect. Justino Diaz's Iago is carefully controlled, but strait-laced; the Crede is almost bland; his ability to extract from his utterances quite circumstantial. The Cassio of Ezio di Cesare is similarly muted.

All three are put under extra scrutiny by Placido Domingo, whose Otello is not just vocally comprehensive, but just vocally where he puts not a note out of place and summons more than ample power, but in the fine grain of his portrayal.

His ability to weight and colour single words and phrases is remarkable, always precisely attuned to the state of the drama. Mazzel's conducting matches him for a large span of the opera, pleasing only occasionally. The singing of the Scala Chorus is perhaps the set's greatest asset of all, eclipsing Domingo in intensity on occasion, so that there is a sharp and thrilling delineation between the opera's twin worlds of public and private affairs.

1-N-RS, K-RS; 2-N-BT, and K-NV; 3-N-RS mate, or K-RS; 3-C-QS mate. White's RP stops a cook (second solution) by N-R4-B5.

Andrew Clements

Andrew Clements

## Radio drama

# The play's the thing



John Hurt, Sean Connery and Donald Pleasence; "radio drama attracts a Who's Who"

there is close co-operation between writer, editor and producer. "It is very much part of the creative process," explains Richard Imison. "We try to make the script a precise orchestration, indicating the effects, the acoustics, the music and above all, the silences."

Once inside the studio, radio drama attracts a Who's Who of distinguished actors. "I'll walk on broken glass to do good writing," says Alan Rickman, currently seducing capacity audiences (and anything else that doesn't move faster than he does) as Valmont in Christopher Hampton's *Les Liaisons Dangereuses*. He sees the speed of production—an average of two days' studio time to record a 60 minute play—as an advantage. "It makes you take decisions very quickly, and that's good for actors. The last two radio plays I did, a week apart, were *The Seagull* and *Who's Who* and you can't really get on a bigger roller coaster than that. It's a hit like a gym. It ends up keeping you pretty fit."

There is also the fascination of playing against physical type. Not many fat men play Hamlet, except on radio. "Radio producers are often more imaginative than anywhere else," says Richard Imison. There are also practical advantages. "You don't

have to put costumes on, you can do it again if you get it wrong, and you don't have to learn it!"

No-one seems in any doubt about the creative rewards of working in radio, but what about the financial ones? "The pay is a joke," says Rickman. Writers are paid considerably less than their television counterparts, beginners receiving about £550 for a single broadcast of a one-hour play on the domestic service. "Professional" writers—those with three or more plays to their credit—receive a minimum £1,305, and the famous "promotable" authors, such as Stoppard and John Mortimer, command a higher figure. However, "residuals"—repeat fees, translations, transcriptions etc.—are more common in radio than television, and "If you write a play that is lucky," says Shirley Gee, "you can do very nicely."

Considering the size of the audience for radio drama—an average 50,000-100,000 for an evening broadcast, and up to 750,000 in the afternoon—it is hard to understand why critics are not more attentive. If listeners bought a ticket for each play they heard, radio's "base office" would reach a staggering 750m annually. And there is no sign of the numbers diminishing.

In fact there is an awareness of a growing new audience of younger listeners, without the pre-conceived notions of a "radio generation."

And what of the future of radio drama in a television age? Obviously, it is not just a technological stage of development, like black-and-white film in relation to colour. "Radio drama is not never, was, simply a theatrical experience with your eyes shut," says Richard Imison.

Any radio play is not one play but three quarters of a million plays, each tailored to the experience, mood and imagination of the individual listener and none of which the author will ever see. And that is a very curious and exciting animal indeed."

radio

Carved in air

—and Spain's Prime Minister appropriately brought up the Gibraltar question this week, to emphasise it. The play was nicely done by the BBC regulars, directed by David Johnston.

Nearer the headlines on the international scene was the second of Radio 4's China programmes on Saturday. Last week, country life; this week, city life, in Shanghai and Canton.

Stories about the new-style Chinese life are common these days, but there is an added factor to them when you can hear the participants. I am constantly amazed at the fluent conversational English the Chinese acquire. What British businessmen could say in Chinese: "Managerial competence is lacking at macro and micro level?" There is a

recently.

The older examples were really odd. In 14th-century Normandy a pig was condemned and then arrayed in human raiment before being hanged by the official hangman. In 15th century Switzerland a breed of beetles was warned en masse to attend court at one o'clock precisely on the sixth day after an edict outlawing them because they were not recorded on Noah's ark. In Spain some offending flies (we all know about what those Spanish flies can do) were represented by an advocate—who secured an acquittal and an award to them of land.

Dr Nicholas Humphrey, a psychologist, explained that the point of such proceedings was to establish in the popular mind the principle that evil behaviour by an offender was wrong. The Greeks would try a defective doornut or a cart that had injured someone. This was not preventive justice, but a reassurance that the world was running on lawful lines, from bottom to top.

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As the America's Cup elimination series ends, Keith Wheatley looks at longer term prospects

# Far from plain sailing

RUNNING may not seem to have much in common with yachting but in sporting terms the America's Cup is a marathon. Each team must compete over five months and sail scores of races. That said, the British team are handily placed as the first Round Robin of the elimination series comes to an end (October 18). "We're confident that we'll be in the final four," said skipper Harry Cudmore. He perceives a first and second division already falling into place between the foreign syndicates competing for the Cup. Basically there are six boats for four places," he said. "Dennis Conner, the New York Yacht Club, the Kiwis, French Kiss, the Canadians and ourselves."

In the race against Conner, of the water this week and hull America II are the main obstacles to a place in the final next February. Certainly they have sailed with great flair and determination—not least in the final leg against Dennis Conner. Kollus has the respect of everyone who has sailed against him—especially those he has beaten. Dollars account for much of the animosity between the two senior American syndicates. Back in the US there are sponsors, chequebook in hand, still pondering a decision as to the best team to back. Among the biggest is said to be American Express and the two camps are fighting hard to say "that'll do nicely."

French Kiss, on the other hand, was given a clean bill of health by the panel despite the controversy over her name during the World 12-Metre Championships earlier this year. The pearl-grey yacht was holed earlier in the week during a collision with Italia but despite a hole just forward of her transom she was able to finish the race—and win by over eight minutes. Skipper Marc Pajot seems to have been able to find much greater cohesion and reliability than was the case during the syndicate's first visit to Perth. Then the Philippe Briand-designed yacht—the first 12-metre ever to be tested on a computer screen rather than in a tank—looked fast but was often sloppily sailed. All that is over now. Additionally the Kiss team

was able to bring back a new generation of "French-made" sails. With their passion for high-tech industries the French have gone into producing their own kevlar and Mylar rather than letting Dupont do it for them. The light weather sails are no fins they are almost beautifully cut and seem to be doing their job. On the other French yacht, Challenge France, the story is rather different. Skipper Yves Pajot, Marc's older brother, has a crew of young dingy sailors. Only two of them have ever been on a 12-metre before. The sails look like badly cut bed-sheets and the results are a combination of all these factors. Challenge France has yet to win a race. She is a beautiful yacht, faultlessly built by Aero-spatiale at St Nazaire, and possesses a hull with enormous potential for speed. Yet faults in the rig and an unavoidable lack of skill on the part of the crew are building into a tragedy for the syndicate. Pajot, in particular, worked hard and day through the summer to find new sponsors and more cash to rescue the boat and the team from receivership. At the eleven-hour he succeeded but it looks as if it was a Pyrrhic victory. With just two weeks to go before the start of the second series, worth five points per win, every syndicate will be working even harder than they are today. "We want to identify where we stand against the opposition," said Cudmore. "We'll put this information into the melting pot and produce the profile we want for the next round robin. We want that everyone else will do the same. We'll end up with consensus boats. By the time we reach the December series the good boats will be very very close to one another in terms of performance."



The New Zealand yacht (right) tacks ahead of White Crusader

"IT IS A business pure and simple," said Gerry Berman, chairman of Altrincham and the kind of tireless enthusiast on which non-League football depends. An unfit cigar never left his hand as he strove to convince me of his club's merits. "I've got a good board of directors." He peered anxiously at my notes. "Write that down." If there is an extra spring in the step of Mr Berman this season, it is because non-League football has stormed its Bastille. The top team from this year's GM Vauxhall Conference will be promoted to the Fourth Division of the Football League. Their status will no longer depend on the fickle affections of League chairmen, but on merit. That makes this season's clashes between the top Vauxhall teams potentially tense occasions. Last week Enfield, then third, met Altrincham, fourth, at Southbury Road. In the boardroom it was all smiles. "They're the second best team in the conference," said Ernie Fryer, owner of a chain of wool shops and lifelong Altrincham supporter, as he draped his arm around a passing Enfield director.

By that time Altrincham had won two, after Enfield had seen its centre-forward sent off. In the directors' box, during the game, arms were raised in despair and triumph, expletives were unedited and players were lauded and vilified. Everybody seemed to be enjoying himself hugely. This season, while the crowds continue their drift away from full League matches, attendances in the Vauxhall Conference surge ahead. Barnet has an average gate of 1,500, a 111 per cent increase over last season. Enfield and Altrincham are attracting average gates of 930 and 1,262 respectively. Compare that with the 47 per cent of all Scottish League Second Division matches that attract fewer than 500 people. The GM Vauxhall Conference is only the top layer of a pyramid of competitions which feed into the Football League, as my neighbour at Enfield, Tony Williams, editor of the Non-League Directory and a walking soccer encyclopaedia, was more than happy to tell me. "Three clubs get relegated and three get promoted—one each from the Vauxhall, the Multiple League, and the Southern League," he explained patiently. Further Leagues feed into the second tier, and so on down the system. All the players in the GM Vauxhall Conference are semi-professional and the clubs survive, without League handouts, on advertising, lotteries and sponsorship. Altrincham has a reputation for well-run, professional officials, often criticised by sporting superbrats, is at its best in the non-professional world. Alan Diment, secretary of Enfield, was unfailingly polite and charming as he endeavoured to keep his manager, chairman and

opponents happy. David Baldwin, who recently became full-time secretary of Altrincham, was last seen hump-starting a car to remove it from the path of his team coach. (Had it been a bulldozer, you feel, he would have tackled the task with the same enthusiasm). There was a certain charm about the way home spectators were able to migrate at half time to gather behind the opposition goal, such freedom will be a curse, should Enfield play, say Chelsea. It was the sort of place where one might expect to see talent scouts on the touchline, surreptitiously scribbling in notebooks. For the benefit of those who failed to make it last Saturday, I recommend a look at Dave Howell, the Enfield central defender, who several times saved his side from further punishment when it got caught on the break in the second half, and at Peter Dens-

more, the Altrincham left back, who seemed to have time and skill to spare. Densmore it was who began the move that led to Altrincham's first goal, sweeping the ball across the pitch to Farrelly who then provided the centre for Bishop to bury in the net. Nine minutes later, Reid was brought down by the Enfield goalkeeper Pope, and Farrelly converted the penalty. Play was fast and furious, with few players finding the time to stand on the ball and dictate the pace of the game. Martin Duffield, who spent three years at QPR, tried to do so for Enfield, but all too often the final pass from the London team was lacking. Altrincham were harder into the tackle, quicker to seize on the loose ball. "They are a physical side" said a chastened Enfield manager, Eddie McCluskey, after the game; as a senior teacher he may be used to a daily diet of violence. He sadly recounted Enfield's record this season: only two wins out of eight at home; but seven victories out of eight away. John Williams, his Altrincham counterpart, was honest about the way his side shut up shop in the second half. "We didn't come to entertain," he said. "We came for the three points." Neither man would have seemed out of place as manager of Liverpool or Manchester United. Both clubs have proud records. Altrincham have battled through to the third round of the FA Cup six times in the last 12 years, twice drawing with First Division opposition, last season defeating Birmingham City to reach the Fourth Round. In 1980 the club missed promotion to the Fourth Division by just one vote. Enfield were the Gola League champions last season, Alliance Premier champions in 1983 (both precursors of the conference) and FA Trophy winners in 1982. A nagging doubt remains. Will the League honour its commitment to admit the Vauxhall Conference clubs to the ranks? The rules allow for clubs to be admitted subject to regulations—such as ground suitability, what if Wolverhampton Wanderers were to be the 52nd club, and thus one for demotion? How strictly would the admission criteria be applied? Clubs like Enfield and Altrincham can only hope that public opinion will ensure they get their chance. In the meantime they have to defeat their rivals, most notably Barnet and Maidstone who, for the moment, top the division. But I have a feeling that come the end of the season, Altrincham will take the title and the glory. Gerry Berman might even be able to light his cigar.

# Altrincham get ready to light cigars

## Philip Coggan checks out non-League teams aiming for promotion and glory

While the passion and commitment of Enfield would have done credit to football's more glamorous names, there were tell-tale signs of limited resources. Lovers of architecture can spare themselves a trip to Southbury Road. Facilities on three of the four sides of the ground could best be described as basic and although

more, the Altrincham left back, who seemed to have time and skill to spare. Densmore it was who began the move that led to Altrincham's first goal, sweeping the ball across the pitch to Farrelly who then provided the centre for Bishop to bury in the net. Nine minutes later, Reid was brought down by the Enfield goalkeeper Pope, and Farrelly converted the penalty. Play was fast and furious, with few players finding the time to stand on the ball and dictate the pace of the game. Martin Duffield, who spent three years at QPR, tried to do so for Enfield, but all too often the final pass from the London team was lacking. Altrincham were harder into the tackle, quicker to seize on the loose ball. "They are a physical side" said a chastened Enfield manager, Eddie McCluskey, after the game; as a senior teacher he may be used to a daily diet of violence. He sadly recounted Enfield's record this season: only two wins out of eight at home; but seven victories out of eight away. John Williams, his Altrincham counterpart, was honest about the way his side shut up shop in the second half. "We didn't come to entertain," he said. "We came for the three points." Neither man would have seemed out of place as manager of Liverpool or Manchester United. Both clubs have proud records. Altrincham have battled through to the third round of the FA Cup six times in the last 12 years, twice drawing with First Division opposition, last season defeating Birmingham City to reach the Fourth Round. In 1980 the club missed promotion to the Fourth Division by just one vote. Enfield were the Gola League champions last season, Alliance Premier champions in 1983 (both precursors of the conference) and FA Trophy winners in 1982. A nagging doubt remains. Will the League honour its commitment to admit the Vauxhall Conference clubs to the ranks? The rules allow for clubs to be admitted subject to regulations—such as ground suitability, what if Wolverhampton Wanderers were to be the 52nd club, and thus one for demotion? How strictly would the admission criteria be applied? Clubs like Enfield and Altrincham can only hope that public opinion will ensure they get their chance. In the meantime they have to defeat their rivals, most notably Barnet and Maidstone who, for the moment, top the division. But I have a feeling that come the end of the season, Altrincham will take the title and the glory. Gerry Berman might even be able to light his cigar.

## FT CROSSWORD PUZZLE NO. 6,154

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Prizes of £10 each for the first five correct solutions opened. Solutions to be received by next Thursday, marked Crossword on the envelope, to The Financial Times, 10 Cannon Street, London EC4A 3DF. Solution next Saturday.

ACROSS  
1 Remove hair from translated Roman governor (6)  
5 Moonlight journey to church for bacon (6)  
9 Sort of income obtained from near nude exhibition (8)  
10 Epilogue's (American form - I leave it broadcasting religious truth (6)  
12 Arm, for example, with round, where nothing happens (5)  
13 Singular trousers on back-to-front suit, including chapter in the Bible (6)  
14 Fishes for people (6)  
16 Rome the greatest telescoped elsewhere in Italy (7)  
19 Fitting person, so to speak, on the railway? (7)  
21 Copper takes uncommon poison (6)  
23 Bitters for saint, upper-class, in mohair (9)  
25 Call to support happiness (5)  
26 Package for brewing—a bat, for example? (3, 3)  
27 Good way for cyclist, bad for one on sick list (8)  
28 Not even, in some sense, wet through (6)  
29 Quiet look in villain needs introducing (8)  
DOWN  
1, 2 Illness troubled Ed up in a blue moon (6, 9)  
3 Movement of similar goal (5)  
4 Framework translated by Cavalcotti (7)  
6 King of kings? Not I, off in the sea of Frenchmen (4-5)  
7 Subject with master in charge (5)  
8 I'll wait around, without false effect, as drunk (4, 4, 4)  
15, 17 Brown's capability (9, 9)  
18 A model liberal opposition is supposed to have been sunk long ago (8)

## SATURDAY

1 indicates programmes in black and white  
BBC 1  
6.00 am The Muppet Babies, 6.30 The Queen in China, 8.15 Saturday Superstore, 12.15 pm Grandstand featuring Football Focus: World Cup Hockey from London; Motor Racing from Australia; Rothmans Grand Prix Snooker, 4.35 Final Score, 6.05 News, 6.16 Rapid progress reports—At the Races—The Series, 6.45 Octavo Hour, 6.10 The Noel Edmonds Late Late Breakfast Show, 7.00 The Natural World, 7.35 The Russ Abbot Show, 6.05 Casualty, 8.55 News, 9.10 "The Year of Living Dangerously", 11.00 Hockey, 11.30-11.55 am Snooker.  
BBC 2  
1.05 pm-1.30 pm University, 12.10 "Way Down East", 4.15 The Sky At Night, 4.40 International Snooker, 5.45 World Chess Report, 6.16 The Secret Life of Plants, 6.25 Newsweek, 7.00 Saturday Review, 7.15 The Ship Sails On, starring Freddie Jones and Richard Jeffries, 7.30 The Film Club (2): Lights of Varadero.  
LONDON  
5.55 am TV-am Breakfast Programme, 8.25 am-9.00 am Breakfast, 12.00 News, 12.05 pm Six and Seven, 12.30 News, 1.00 pm-1.15 pm The Secret Life of Plants, 1.30 pm-1.45 pm The Liverpool Victoria Insurance Superdraw, 4.45 Reuters Service, 6.00 News.  
5.05 Blockbusters, 5.35 The A-Team, 5.30 Blind Date, 7.15 Saturday Gossip, 7.45-7.55 News, 8.00 East Enders, 8.30 Film: "The Last World", 8.35 Motor Show 86, 8.15 Six Days in China, 8.58 David Copperfield, 6.20 News, 6.30 News, 6.40 News, 6.50 News, 7.00 News, 7.10 News, 7.20 News, 7.30 News, 7.40 News, 7.50 News, 8.00 News, 8.10 News, 8.20 News, 8.30 News, 8.40 News, 8.50 News, 9.00 News, 9.10 News, 9.20 News, 9.30 News, 9.40 News, 9.50 News, 10.00 News, 10.10 News, 10.20 News, 10.30 News, 10.40 News, 10.50 News, 11.00 News, 11.10 News, 11.20 News, 11.30 News, 11.40 News, 11.50 News, 12.00 News, 12.10 News, 12.20 News, 12.30 News, 12.40 News, 12.50 News, 1.00 News, 1.10 News, 1.20 News, 1.30 News, 1.40 News, 1.50 News, 2.00 News, 2.10 News, 2.20 News, 2.30 News, 2.40 News, 2.50 News, 3.00 News, 3.10 News, 3.20 News, 3.30 News, 3.40 News, 3.50 News, 4.00 News, 4.10 News, 4.20 News, 4.30 News, 4.40 News, 4.50 News, 5.00 News, 5.10 News, 5.20 News, 5.30 News, 5.40 News, 5.50 News, 6.00 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